WAYNE METROPOLITAN HOUSING AUTHORITY

Financial Condition

As of

December 31, 2017

Together with Auditors' Report

Dave Yost • Auditor of State

Board of Directors
Wayne Metropolitan Housing Authority
345 N Market St
Wooster, OH 44691

We have reviewed the *Independent Auditor's Report* of the Wayne Metropolitan Housing Authority, Wayne County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2017 through December 31, 2017. 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.

Dave Yost
Auditor of State

July 10, 2018

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WAYNE METROPOLITAN HOUSING AUTHORITY
WOOSTER, OHIO

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Wayne Metropolitan Housing Authority
Ravenna, Ohio 44266

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities, of the Wayne Metropolitan Housing Authority, Wayne County, Ohio (the Authority), as of and for the year ended December 31, 2017, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to opine on these financial statements based on my audit. I audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require me to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on my judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, I consider 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 to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

I believe the audit evidence I obtained is sufficient and appropriate to support my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Wayne Metropolitan Housing Authority, Wayne County, Ohio as of December 31, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the 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 this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. I applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, to the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not opine or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to opine or provide any other assurance.

Supplementary

My audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents 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 financial statements.

The Supplemental Financial Data Schedules and Schedule of Federal Award Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. I subjected these schedules to the auditing procedures I applied to the basic financial statements. I also applied certain additional procedures, including comparing and reconciling this 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 my opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 4, 2018, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

May 4, 2018

WAYNE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)

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

Since the MD&A is designed to focus on the 2017 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 decreased by $459,422 or 7.7% from what was reported at December 31, 2016. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position.
- Revenues decreased by $451,818 or 6.4% during 2017.
- The total expenses of all Authority programs increased by $310,386, or 4.6% during 2017.

Authority Financial Statements

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

These Statements include a Statement of Net 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, minus liabilities, 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: This component of Net Position consists of restricted net position, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

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 financial statements also include a Statement of Revenues, Expenses and Changes in Net Position, which is 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 funds 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.

THE AUTHORITY'S PROGRAMS

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

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

State / Local – State / Local represents Authority owned housing properties that are not subsidized by HUD; management services that the Authority provides to a local non-profit entity under contract for management (Secrest 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.

The Authority's properties not subsidized by HUD or USDA Rural Development are generally dedicated to clients of the local Board of Developmental 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 grant received through 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.

AUTHORITY STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in business-type activities.

TABLE 1

STATEMENT OF NET POSITION

	2017	2016
Current Assets	$ 1,134,729	$ 1,601,130
Capital and Non-Current Assets	7,855,700	7,960,492
Total Assets	$ 8,990,429	$ 9,561,622
Deferred Outflows	$ 589,039	$ 452,803
Total Assets & Deferred Outflows	**$ 9,579,468**	**$ 10,014,425**
Current Liabilities	$ 639,112	$ 509,037
Long-Term Liabilities	3,423,636	3,214,557
Total Liabilities	$ 4,062,748	$ 3,723,594
Deferred Inflows	$ 10,524	$ 325,213
Net Position:		
Net Investment in Capital Assets	$ 5,638,807	$ 5,608,213
Restricted Net Position	48,056	133,105
Unrestricted Net Position	(180,667)	224,300
Total Net Position	$ 5,506,196	$ 5,965,618
Total Liabilities, Deferred Inflows, and Net Position	**$ 9,579,468**	**$ 10,014,425**

Major Factors Affecting the Statement Of Net Position

During 2017, current assets decreased by $466,401, and current liabilities increased by $130,075. The large decrease in current assets is mostly due to the use of Housing Choice Voucher subsidy received from the U.S. Department of HUD, which was paid in advance at the end of 2016 for use in the first month of 2017. This was offset slightly by an increase in assets held for sale. The increase in liabilities is mostly the net result of an increase in short-term operating borrowings, increase in PILOT accrual, and decreases in other accruals. The large decrease in Deferred Inflows would again be the result of the advance Housing Choice Voucher subsidy that was used.

Net Investment in Capital Assets also increased from $5,608,213 to $5,638,807. The $30,594 increase can be attributed to significant improvements and rehabilitation of several properties in 2017, 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

	Unrestricted	Restricted	Investment In Capital Assets
Beginning Balance - January 1, 2017	$ 224,300	$ 133,105	$ 5,608,213
Results of Operation	(459,422)		
Adjustments:			
Current Year Depreciation Expense (1)	434,341		(434,341)
Capital Expenditure, Net of Disposal (2)	(331,763)		331,763
Current Year Debt Proceeds, Net of Retirement	(133,172)		133,172
Transfer to (from) Restricted Net Position	85,049	(85,049)	
Ending Balance - December 31, 2017	**$ (180,667)**	**$ 48,056**	**$ 5,638,807**

(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.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2017	2016
Revenues		
Total Tenant Rent Revenues	$ 1,012,562	$ 967,763
Operating Subsidies	5,291,621	5,785,229
Capital Grants	102,765	98,894
Investment Income	1,682	1,407
Other Revenues	205,978	213,133
Total Revenues	**6,614,608**	**7,066,426**
Expenses		
Administrative	1,430,840	1,205,897
Utilities	371,366	373,368
Maintenance	637,481	677,170
General and Interest Expenses	281,302	254,149
Housing Assistance Payments	3,918,700	3,787,946
Depreciation	434,341	465,114
Total Expenses	**7,074,030**	**6,763,644**
Net Increases (Decreases)	**$ (459,422)**	**$ 302,782**

Major Factors Affecting The Statement Of Revenue, Expenses And Changes In Net Position

Tenant revenue increased by $44,799 during 2017 in comparison to 2016. The increase was likely due to increased unit availability and occupancy as compared to last year. Capital Grants show an increase of $3,871 from 2016 due to a slightly increased amount of spending for capital expenditures from the grant during the year. Overall total revenue decreased by $451,818 from 2016, mostly due to the expiration of a state-funded capital improvement grant received in the prior year.

Administrative expenses increased by $224,943 from the previous year. Almost all of this was the result of the pension expense adjustment for proportionate share of pension liabilities per GASB 68 requirements. General and interest expenses increased by $27,153 over the previous year. This was the result of increases in both property insurance and payment in lieu of taxes, as well as a larger-than-normal amount of bad debt expense. All other expense categories experienced modest increases or decreases of 10 percent or less.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had $7,540,249 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $102,578 or about 1.3% from the end of 2016. This decrease was mainly a net result of significant improvements and rehabilitation of several properties, combined with payment of mortgage debts and the accumulated depreciation of all properties and other fixed assets.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATON)

	2017	2016
Land and Land Rights	$ 2,297,914	$ 2,297,914
Buildings and Improvements/Additions	20,262,147	20,071,964
Furniture & Equipment	745,855	704,670
Construction in Progress	38,562	13,662
Accumulated Depreciation	(15,804,229)	(15,445,383)
Total	**$ 7,540,249**	**$ 7,642,827**

The following reconciliation identifies the change in Capital Assets.

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2017	$ 7,642,827
Current Year Additions	331,763
Current Year Depreciation Expense	(434,341)
Adjustments to A/D to Properly State Assets	75,495
Disposal of Assets	(75,495)
Ending Balance - December 31, 2017	**$ 7,540,249**
Current Year Additions are summarized as follows:	
Buildings Improvements & Additions	206,222
Equipment Additions	100,641
Change in Construction in Progress	24,900
Total Additions, 2017	$ 331,763

Debt Outstanding

As of year-end, the Authority has $1,901,442 in debt (mortgages) outstanding compared to $2,034,614 in the previous year. The $133,172 decrease was a result of principal payments made on current debt during the year.

TABLE 6

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - January 1, 2017	$ 2,034,614
Current Year Loans	-
Current Year Loan Retirements	(133,172)
Ending Balance - December 31, 2017	**$ 1,901,442**

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, who can be reached by phone at (330) 264-2727.

Specific requests may be submitted to the Wayne Metropolitan Housing Authority at:
345 North Market Street, Wooster, Ohio 44691
Fax: (330) 263-1521
Email: spopp@waynemha.org

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted (Note 1)	$	595,845
Cash and Cash Equivalents - Restricted (Note 3)		258,261
Receivable, (Net of Allowance for Doubtful Accounts)		42,291
Inventory (Net of Allowance for obsolete)		29,142
Assets Held for Sale		113,488
Prepaid Expenses and Other Assets		95,702
Total Current Assets		1,134,729
Non-Current Assets		
Other Noncurrent Assets		315,451
Capital Assets: (Note 4)		
Non-Depreciable Capital Assets		2,336,475
Depreciation Capital Assets		5,203,773
Total Non-Current Assets		7,855,699
Deferred Outflow of Resources - Pension		589,039
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$	9,579,467

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

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2017

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts Payable	$	9,111
Accrued Wages/Payroll		47,458
Tenant Security Deposits		69,868
Accrued Compensated Absences - Current Portion		12,779
Intergovernmental Payable		194,151
Unearned Revenue		13,937
Other Liabilities		46,767
Current Portion of Long-Term Debt		245,041
Total Current Liabilities		639,112
Non-Current Liabilities		
Noncurrent Liabilities - Other		109,266
Accrued Pension		1,471,725
Accrued Compensated Absences, Net of Current Portion		72,418
Long-Term Debt - Net of Current Portion		1,770,227
Total Non-Current Liabilities		3,423,636
Total Liabilities	$	4,062,748
Deferred Inflow of Resources - Pension	$	10,524
Net Position		
Investment in Capital Assets	$	5,638,806
Restricted		48,056
Unrestricted		(180,667)
Total Net Position	$	5,506,195

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

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

Operating Revenue:	
HUD Operating Subsidies and Grants	$ 5,291,621
Tenant Revenue	1,012,562
Other Revenue	181,128
Total Operating Revenue	6,485,311
Operating Expenses:	
Administrative Expense	1,430,840
Utilities	371,366
Maintenance and Operations	637,482
General Expenses	214,647
Housing Assistance Payments	3,918,700
Depreciation Expense	434,341
Total Operating Expenses	7,007,376
Net Operating Income (Loss)	(522,065)
Non-Operating Revenues (Expenses)	
Interest and Investment Income	1,682
Interest Expense	(66,655)
Gain(Loss) on Sale of Capital Assets	24,850
Total Non-Operating Revenues (Expenses)	(40,123)
Excess of Revenue Over(Under) Expenses before Capital Grants	(562,188)
Capital Grants	102,765
Change in Net Position	(459,423)
Net Position - Beginning of Year, as restated	5,965,618
Net Position - End of Year	$ 5,506,195

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

WAYNE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows From Operating Activities:	
Cash Received from HUD	$ 5,291,621
Cash Received from Tenant	991,368
Cash Received from Other Income	181,128
Cash Payments for Housing assistance payments	(3,918,700)
Cash Payments for Administrative	(1,644,646)
Cash Payments for Other Operating Expenses	(1,167,090)
Net Cash Provided (Used) by Operating Activities	(266,319)
Cash Flows From Capital and Related Financing Activities:	
Property and Equipment Additions	(331,762)
Gain(Loss) on Sale of Capital Assets	24,850
Debt Payments (including Interest)	(19,346)
Interest Expense	(66,655)
Capital Grant Funds Received	102,765
Net Cash Provided (Used) by Capital and Related Financing Activities	(290,148)
Cash Flows From Investing Activities:	
Interest and Investment Income	1,682
Net Cash Provided (Used) by Investing Activities	1,682
Increase (Decrease) in Cash and Cash Equivalents	(554,785)
Cash and Cash Equivalents - Beginning of Year	1,408,891
Cash and Cash Equivalents - End of Year	$ 854,106

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

WAYNE METROPOLITAN HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	$ (522,065)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	434,341
(Increase) decrease in:	
Receivables	21,194
Inventory	(1,223)
Other Noncurrent Assets	2,214
Deferred Outflow of Resources - Pension	(136,236)
Assets Held for Sale	(113,488)
Prepaid Expenses	5,133
Increase (decrease) in:	
Accounts Payable	9,111
Accrued Wages/Payroll	(20,023)
Unearned Revenue	(37,392)
Compensated Absences	75,369
Other Liabilities	(25,388)
Intergovernmental Payable	84,947
Accrued Pension	322,111
Deferred Inflow of Resources - Pension	(314,689)
Tenant Security Deposits	2,245
Noncurrent Liabilities - Other	(52,480)
Net Cash Provided (Used) by Operating Activities	$ (266,319)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 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 are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

Basis of Presentation

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

The Authority has elected under GASB Statement No. 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 and expenses, changes in net position, and a statement of cash flows.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating 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.

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 were 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 9.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2017, the carrying amount of the Authority's deposits was $854,106 (including $258,261 of restricted funds, and $100 of petty cash).

At December 31, 2017, the bank balance of the Authority's cash deposits was $967,730. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2017, deposits totaling $500,000 were covered by Federal Depository Insurance and deposits totaling $467,730 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

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

Investments

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2017, 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.

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.

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

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.

Cash and investments at year-end were as follows:

Cash and Investment Type	Fair Value	Investment Maturities (≤ 1 Year)
Carrying Amount of Deposits	$ 854,006	$ 854,006
Petty Cash	100	100
Totals	$ 854,106	$ 854,106

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of $258,261 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	$ 10,329
Tenant Security Deposits	69,868
FSS Escrow Funds	55,390
Reserve for Replacement and Mortgage Sinking Funds	37,727
Restricted for Payment of Current Liabilities	84,947
Total Restricted Cash	$ 258,261

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2017 by class is as follows:

	12/31/2016	Reclasses	Additions	Deletions	12/31/2017
Capital Assets Not Being Depreciated					
Land	$2,297,914	$ 0	$ 0	$ 0	$ 2,297,914
Construction in Progress	13,662	(12,147)	38,561	(1,515)	38,561
Total Capital Assets Not Being Depreciated	2,311,576	(12,147)	38,561	(1,515)	2,336,475
Capital Assets Being Depreciated					
Buildings and Improvements	20,071,964	12,147	194,075	(16,039)	20,262,147
Furniture, Equipment, and Machinery-Dwelling	175,042	0	5,756	0	180,798
Furniture, Equipment, and Machinery-Administrative	529,628	0	94,885	(59,456)	565,057
Subtotal Capital Assets Being Depreciated	20,776,634	12,147	294,716	(75,495)	21,008,002
Accumulated Depreciation:					
Buildings and Improvements	(14,832,295)	0	(371,123)	16,039	(15,187,379)
Furniture, Equipment and Machinery-Dwelling	(163,116)	0	(6,807)	0	(169,923)
Furniture, Equipment and Machinery-Administrative	(449,972)	0	(56,411)	59,456	(446,927)
Total Accumulated Depreciation	(15,445,383)	0	(434,341)	75,495	(15,804,229)
Depreciable Assets, Net	5,331,251	12,147	(139,625)	0	5,203,773
Total Capital Assets, Net	$ 7,642,827	$ 0	$(101,064)	$ (1,515)	$ 7,540,248

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	$ 10,329
Reserve for Replacement and Mortgage Sinking Funds	37,727
Total Restricted Net Assets	$ 48,056

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 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.

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

Net Pension Liability (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:	State and Local
2017 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2017 Actual Contribution Rates:	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $113,788 for 2017.

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, 2016, 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:

	OPERS Traditional Plan	OPERS Combined Plan
Proportionate Share of the Net Pension Liability/(Asset) - Prior Measurement Date	$ 1,149,614	$ (3,265)
Proportionate Share of the Net Pension Liability/(Asset) - Current Measurement Date	1,471,725	(3,451)
Change in Proportionate Share	$ 322,11	$ (186)
Proportion of the Net Pension Liability/Asset	0.006481%	0.006200%
Pension Expense	$ 312,45	$ 2,493

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)
At December 31, 2017, 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 on pension plan investments	$ 456,285
Authority contributions subsequent to the measurement date	132,754
Total Deferred Outflows of Resources	$ 589,039
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 10,524
Total Deferred Inflows of Resources	$ 10,524

$132,754 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:	OPERS
2018	$ (190,618)
2019	(78,039)
2020	6,596
2021	140
2022	225
Thereafter	0
Total	$ (261,696)

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

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.

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation3 .25 percent	
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	7.50 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation3 .25 percent	
Future Salary Increases, including inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	7.50 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, 2015.

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

Actuarial Assumptions – OPERS (Continued)
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.

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 2016.

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 2016 and the long-term expected real rates of return:

Asset Class	Real Rate of Allocation	Return
Fixed Income	23.00 %	2.75%
Domestic Equities	20.70 %	6.34%
Real Estate	10.00 %	4.75%
Private Equity	10.00 %	8.97%
International Equities	18.30 %	7.95%
Other Investments	18.00 %	4.92%
Total	100.00%	35.28%

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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.5 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 (7.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability/(asset)			
Traditional Plan	$ 2,248,389	$ 1,471,725	$ 824,513
Combined Plan	248	(3,472)	(6,324)

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NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. Plan Description

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.

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 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care 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 or 800-222-7377.

B. Funding Policy

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

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

B. Funding Policy (Continued)
Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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% 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% for 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 2017 was 4.0%. The portion of actual Authority contributions for the year ended December 31, 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were \$18,965, \$18,282, and \$18,016, respectively.

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NOTE 8: **COMPENSATED ABSENCES**

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

All permanent employees will earn 15 days sick leave per year of service. Unused sick leave may be accumulated without limit. 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) years shall be forfeited.

At December 31, 2017, based on the vesting method, $85,197 was accrued by the Authority for unused vacation and sick time. The current portion is $12,779 and the long term portion is $72,418.

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 the Authority is one. Deductibles and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	$ 1,500	$250,000,000 (Per Occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile Liability	500/0	ACV/6,000,000
Law Enforcement	0	6,000,000
Public Officials	0	6,000,000
Crime	500	1,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is 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.

NOTE 10: **LONG-TERM DEBT**

As of December 31, 2017 the Authority's long-term debt is as follows:

	Balance at 12/31/2017
Loan payable to JPMorgan 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.	$ 529,649
Loan payable to Commercial & Savings Bank to consolidate existing loans for the acquisition of 2 properties from the former 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.	189,421
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 the property located at 1401 Moreland Road.	33,500
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 renovations of the property located at 34 Andrew Court, West Salem.	24,700
The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities in 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.	19,417
The PHA entered into a contractual agreement with the Ohio Department of Developmental 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.	2,833

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

Mortgage Revenue Bond dated February 24, 2003 in the amount of \$55,000, due in February 2033; interest rate of 4.625% with an annual payment of principal and interest due February 1. Proceeds of the bond were used to purchase a property located at 1701 Westwood Circle.	38,100
The PHA entered into a contractual agreement with Ohio Department of Developmental 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 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.	4,368
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. Bond proceeds were used to purchase a property located at 617-619 Jefferson Avenue, Orrville.	33,400
The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities in February 2009 where the Authority received a grant for \$10,000 to be used for renovations to the property located at 617-619 Jefferson 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.	4,055
The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities in May 2004 where the Authority received a grant for \$4,700 to be used for renovations to the property located at 138 North Millborne Road. The grant has a restriction that the property shall be used as a residential facility for 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.	418

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

The PHA entered into a contractual agreement with Ohio Department of Developmental 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 amount equal to the grant amount less the prorated amount of number of months used by DD clients.	2,735
The PHA entered into a contractual agreement with Ohio Department of Developmental 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.	4,475
The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities in June 2011 where the Authority received a grant for $9,250 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.	5,190
The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities on 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.	2,887
The PHA entered into a contractual agreement with Ohio Department of Developmental 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.	3,906

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

The PHA entered into a contractual agreement with Ohio Department of Developmental Disabilities in November 2004 where the Authority received a grant for $4,770.89 to be used for renovation to the property located at 2045 Cleveland Road. The grant has a restriction that the property shall be used as a residential facility for 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.	583
The PHA entered into a contractual agreement with Ohio Department of Developmental 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.	3,400
The PHA entered into a contractual agreement with Ohio Department of Developmental 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 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.	55,606
The PHA entered into a contractual agreement with Ohio Department of Mental Health 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.	177,911
Loan payable to USDA Rural Development to finance the purchase of property located at 208 East South Street, Shreve. The total amount borrowed for this financing was $740,000 at a fixed rate of 3.25% 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%.	703,140

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

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.	61,748

Total Outstanding Debt	$ 1,901,442
Less Current Portion	(131,215)
Total Long-Term Debt	$ 1,770,227

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

The following is a summary of changes in long-term debt for the year ended December 31, 2017:

	Balance at 12/31/16	Additions	Deletions	Balance at 12/31/17	Due Within One Year
Compensated Absences	$ 65,521	$119,297	$(99,621)	$ 85,197	$ 12,779
Loan Payable	2,034,614	0	(133,172)	1,901,442	131,215
Net Pension Liability	1,149,614	322,111	0	1,471,725	0
Total	$3,249,749	$441,408	$(232,793)	$3,458,364	$143,994

See Note 6 for information on the Authority's net pension liability.

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

For the Year Ended December 31,	Principal	Interest	Total Payments
2018	$ 131,216	$ 56,929	$ 188,145
2019	132,709	51,817	184,526
2020	134,064	46,435	180,499
2021	134,549	40,782	175,331
2022	140,453	34,831	174,284
2023-2027	468,947	98,705	567,652
2028-2032	183,676	49,501	233,177
2033-2037	73,204	31,419	104,623
2038-2042	73,987	27,629	101,616
2043-2047	87,023	62,892	149,915
2048-2052	102,356	47,559	149,915
2053-2057	120,390	29,525	149,915
2058-2062	118,868	8,559	127,427
Total	$ 1,901,442	$ 586,583	$ 2,487,025

NOTE 11: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2017.

NOTE 12: **INTERPROGRAM RECEIVABLES/PAYABLES**

The Authority had the following inter-program receivable or payable balances at December 31, 2017:

Program/Project	Due From	Due To
State/Local	$ 152,516	$ -
Business Activities	-	(180,770)
10.427 Rural Rental Assistance Program	-	(71,518)
Central Office Cost Center	99,772	-
TOTAL	$ 252,288	$ (252,288)

These amounts represent 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 to support operations as permitted.

NOTE 13: **OPERATING TRANSFER**

The Authority had the following operating transfers in 2017:

Program/Project	Transfer From	Transfer To
Capital Fund	$ 90,886	$ -
Public Housing	-	90,886
TOTAL	$ 90,886	$ 90,886

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 **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Wayne Metropolitan Housing Authority (the Authority) for the year ended December 31, 2017. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 16 **SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through May 4, 2017, the date on which the financial statements were available to be issued.

Wayne Metropolitan Housing Authority
Statement of Net Position
December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Family Self-Sufficiency	Section 8 Housing Assistance Payments	Rural Rental Assistance Payments
111	Cash - Unrestricted	$ 291,892		$ 238,835	
113	Cash - Other Restricted	-			16,797
114	Cash - Tenant Security Deposits	39,314		3,450	19,115
115	Cash - Restricted for Payment of Current Liabilities	31,687		11,645	17,462
100	Total Cash	362,893	-	253,930	53,374
125	Acct. Rec. - Misc.	1,055			129
126	Acct. Rec. - Tenants	15,133		1,630	2,133
126.1	Allowance Doubtful Accts. - Tenants	(13,122)		(1,058)	(1,443)
127	Notes, Loans, & Mortgages Rec. - Current				
128	Fraud Recovery	80,535		1,033	941
128.1	Allowance Doubtful Accts.	(67,055)		(878)	(800)
129	Accrued Interest Receivable	82			
120	Net Total Receivables	16,628	-	727	960
142	Prepaid Expenses	55,108		4,211	7,726
143	Inventories				
144	Inter Program Due From				
145	Assets Held for Sale				
150	**Total Current Assets**	434,629	-	258,868	62,060
161	Land	1,394,687		152,870	65,690
162	Buildings	14,337,906		864,035	844,088
163	Furniture, Equip. & Mach. - Dwellings	149,284			17,354
164	Furniture, Equip. & Mach. - Admin.	272,471			6,864
166	Accumulated Depreciation	(13,535,210)		(234,946)	(182,651)
167	Construction in Progress	38,561			
160	Net Fixed Assets	2,657,699	-	781,959	751,345
171	Notes, Loans, & Mortgages Rec. - Non Current				
174	Other Assets				
200	Deferred Outflow of Resources	61,285		1,141	4,558
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 3,153,613**	**$ -**	**$ 1,041,968**	**$ 817,963**

Wayne Metropolitan Housing Authority
Statement of Net Position
December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Family Self-Sufficiency	Section 8 Housing Assistance Payments	Rural Rental Assistance Payments
312	A/P <= 90 days	$ -			
321	Accrued Wage/Taxes Payable				
322	Accrued Compensated Absences - Current Portion				
333	Accounts Payable - Other Government	60,045		22,376	35,146
341	Tenant Security Deposits	39,314		3,450	19,115
342	Unearned Revenue	7,171		294	965
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Rev.				7,238
344	Current Portion of Long-term Debt - Operating Borrowings				
345	Other Current Liabilities	2,600			
346	Accrued Liabilities – Other	24,809		912	8,299
347	Inter Program - Due To				71,518
357	Accrued Pension	153,120		2,850	11,389
310	Total Current Liabilities	287,059	-	29,882	153,670
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Rev,				695,901
353	Non-current Liabilities – Other				
354	Accrued Comp. Abs. – Noncurrent				
	TOTAL Liabilities	287,059	-	29,882	849,571
400	Deferred Inflow of Resources	1,095		20	81
508.1	Invested in Capital Assets Net	,657,699		781,959	48,206
511.1	Restricted Net Position				16,797
512.1	Unrestricted Net Position	207,760		230,107	(96,692)
513	TOTAL Equity/Net Position	2,865,459	-	1,012,066	(31,689)
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 3,153,613**	**$ -**	**$ 1,041,968**	**$ 817,963**

Wayne Metropolitan Housing Authority
Statement of Net Position
December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher	State & Local	Business Activities	COCC
111	Cash - Unrestricted	$ 57,195	$ 7,823	$ -	$ 100
113	Cash - Other Restricted	65,719		20,930	
114	Cash - Tenant Security Deposits		6,984	1,005	
115	Cash - Restricted for Payment of Current Liabilities		14,298	9,855	
100	Total Cash	122,914	29,105	31,790	100
125	Acct. Rec. - Misc.			2,138	4,486
126	Acct. Rec. - Tenants		3,273	3,557	
126.1	Allowance Doubtful Accts. - Tenants		(1,916)	(2,565)	
127	Notes, Loans, & Mortgages Rec. - Current			2,400	
128	Fraud Recovery	213,776	9,278		
128.1	Allowance Doubtful Accts.	(202,565)	(7,886)		
129	Accrued Interest Receivable				
120	Net Total Receivables	11,211	2,749	5,530	4,486
142	Prepaid Expenses	4,343	6,317	6,921	11,076
143	Inventories			1,453	27,689
144	Inter Program Due From		152,516		99,772
145	Assets Held for Sale			113,488	
150	**Total Current Assets**	138,468	190,687	159,182	143,123
161	Land		255,170	292,027	137,470
162	Buildings		1,209,931	1,350,706	1,655,481
163	Furniture, Equip. & Mach. – Dwellings		14,160		
164	Furniture, Equip. & Mach. - Admin.	25,291		47,098	213,333
166	Accumulated Depreciation	(23,920)	(176,105)	(599,528)	(1,051,869)
167	Construction in Progress				
160	Net Fixed Assets	1,371	1,303,156	1,090,303	954,415
171	Notes, Loans, & Mortgages Rec. - Non Current			312,000	
174	Other Assets				3,451
200	Deferred Outflow of Resources	104,092	2,630	19,561	395,772
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 243,931**	**$ 1,496,473**	**$ 1,581,046**	**$1,496,761**

Wayne Metropolitan Housing Authority
Statement of Net Position
December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher	State & Local	Business Activities	COCC
312	A/P <= 90 days	$ 9,111		$ -	$ -
321	Accrued Wage/Taxes Payable				47,458
322	Accrued Compensated Absences - Current Portion				12,779
333	Accounts Payable - Other Government		38,330	38,254	
341	Tenant Security Deposits		6,984	1,005	
342	Unearned Revenue		3,327	2,180	
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Rev.		15,850	42,992	65,135
344	Current Portion of Long-term Debt - Operating Borrowings			113,826	
345	Other Current Liabilities				
346	Accrued Liabilities – Other		2,624	3,331	4,192
347	Inter Program - Due To			180,770	
357	Accrued Pension	260,077	6,571	48,874	988,844
310	Total Current Liabilities	269,188	73,686	431,232	1,118,408
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Rev,		162,061	447,751	464,514
353	Non-current Liabilities – Other	55,390		53,876	
354	Accrued Comp. Abs. – Noncurrent				72,418
	TOTAL Liabilities	324,578	235,747	932,859	1,655,340
400	Deferred Inflow of Resources	1,860	47	349	7,072
508.1	Invested in Capital Assets Net	1,371	1,125,245	599,560	424,766
511.1	Restricted Net Position	10,329		20,930	
512.1	Unrestricted Net Position	(94,207)	135,434	27,348	(590,417)
513	TOTAL Equity/Net Position	(82,507)	1,260,679	647,838	(165,651)
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 243,931**	**$ 1,496,473**	**$ 1,581,046**	**$1,496,761**

Wayne Metropolitan Housing Authority
Statement of Net Position
December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line Item	Account Description	Subtotal	Elimination	Total
111	Cash - Unrestricted	$ 595,845		$ 595,845
113	Cash - Other Restricted	103,446		103,446
114	Cash - Tenant Security Deposits	69,868		69,868
115	Cash - Restricted for Payment of Current Liabilities	84,947		84,947
100	Total Cash	854,106	-	854,106
125	Acct. Rec. - Misc.	7,808		7,808
126	Acct. Rec. – Tenants	25,726		25,726
126.1	Allowance Doubtful Accts. – Tenants	(20,104)		(20,104)
127	Notes, Loans, & Mortgages Rec. – Current	2,400		2,400
128	Fraud Recovery	305,563		305,563
128.1	Allowance Doubtful Accts.	(279,184)		(279,184)
129	Accrued Interest Receivable	82		82
120	Net Total Receivables	42,291	-	42,291
142	Prepaid Expenses	95,702		95,702
143	Inventories	29,142		29,142
144	Inter Program Due From	252,288	(252,288)	-
145	Assets Held for Sale	113,488		113,488
150	**Total Current Assets**	1,387,017	(252,288)	1,134,729
161	Land	2,297,914		2,297,914
162	Buildings	20,262,147		20,262,147
163	Furniture, Equip. & Mach. – Dwellings	180,798		180,798
164	Furniture, Equip. & Mach. - Admin.	565,057		565,057
166	Accumulated Depreciation	(15,804,229)		(15,804,229)
167	Construction in Progress	38,561		38,561
160	Net Fixed Assets	7,540,248	-	7,540,248
171	Notes, Loans, & Mortgages Rec. - Non Current	312,000		312,000
174	Other Assets	3,451		3,451
200	Deferred Outflow of Resources	589,039		589,039
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 9,831,755**	**$ (252,288)**	**$ 9,579,467**

Wayne Metropolitan Housing Authority
Statement of Net Position
December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Subtotal	Elimination	Total
312	A/P <= 90 days	$ 9,111		$ 9,111
321	Accrued Wage/Taxes Payable	47,458		47,458
322	Accrued Compensated Absences - Current Portion	12,779		12,779
333	Accounts Payable - Other Government	194,151		194,151
341	Tenant Security Deposits	69,868		69,868
342	Unearned Revenue	13,937		13,937
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Rev.	131,215		131,215
344	Current Portion of Long-term Debt - Operating Borrowings	113,826		113,826
345	Other Current Liabilities	2,600		2,600
346	Accrued Liabilities – Other	44,167		44,167
347	Inter Program - Due To	252,288	(252,288)	-
357	Accrued Pension	1,471,725		1,471,725
310	Total Current Liabilities	2,363,125	(252,288)	2,110,837
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Rev,	1,770,227		1,770,227
353	Non-current Liabilities – Other	109,266		109,266
354	Accrued Comp. Abs. – Noncurrent	72,418		72,418
	TOTAL Liabilities	4,315,036	(252,288)	4,062,748
400	Deferred Inflow of Resources	10,524		10,524
508.1	Invested in Capital Assets Net	5,638,806		5,638,806
511.1	Restricted Net Position	48,056		48,056
512.1	Unrestricted Net Position	(180,667)		(180,667)
513	TOTAL Equity/Net Position	5,506,195	-	5,506,195
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 9,831,755**	**$ (252,288)**	**$ 9,579,467**

Wayne Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Family Self-Sufficiency	Section 8 Housing Assistance Payments	Rural Rental Assistance Payments
703	Net Tenant Rental Revenue	$ 547,097	$ -	$ 13,432	$ 126,492
704	Tenant Revenue - Other	2,840		210	180
705	Total Tenant Revenue	549,937	-	13,642	126,672
706	HUD PHA Operating Grants	677,148	43,528	105,458	
706.1	Capital Grants	102,765			
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
707.4	Front Line Service Fee				
707.5	Other Fees				
708	Other Government Grants				112,769
711	Investment Income - Unrestricted	1,085		491	13
714	Fraud Recovery	480			
715	Other Revenue	12,457			3,917
716	Gain or Loss on Sale of Capital Assets				
720	Investment Income – Restricted				77
700	TOTAL REVENUE	1,343,872	43,528	119,591	243,448
911	Admin Salaries	122,524	27,614	2,511	12,279
912	Audit	3,740		636	1,147
913	Management Fee	135,823		8,950	23,876
913.1	Bookkeeping Fee	19,613		3,600	3,600
914	Advertising and Marketing	-			
915	Employee Benefits	71,969	15,914	1,191	4,151
916	Office Expenses	10,592		313	3,185
917	Legal Expense	1,334			230
918	Travel	3,433		24	253
919	Other	9,171		187	1,437
	Total Operating - Admin.	378,199	43,528	17,412	50,158
920	Asset Management Fee	26,880			
931	Water	92,628		383	50,776
932	Electricity	97,982		457	14,252
933	Gas	15,180		1,137	1,653
936	Sewer	1,402			
930	Total Utilities	207,192	-	1,977	66,681

Wayne Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Family Self-Sufficiency	Section 8 Housing Assistance Payments	Rural Rental Assistance Payments
941	Ordinary Maint. & Operations - Labor	$ 41,086		965	4,719
942	Ordinary Maint. & Operations - Materials & Other	92,966		7,122	11,846
943	Ordinary Maint. & Operations - Contracts	385,047		13,971	52,164
945	Employee Benefits Contributions - Ordinary Maint.	20,454		445	1,779
940	Total Maintenance	539,553	-	22,503	70,508
961.1	Property Insurance	46,769		4,648	8,364
961.2	Liability Insurance				
961.3	Workmen's Compensation	2,213		27	465
961.4	All Other Insurance				
961	Total Insurance	48,982	-	4,675	8,829
963	Payments in Lieu of Taxes	32,636		11,735	17,522
964	Bad Debt - Tenant Rents	28,704		1,578	678
960	Total Other General Expenses	61,340	-	13,313	18,200
96710	Interest of Mortgage Payable				11,830
967	Total Interest Expense	-	-	-	11,830
	TOTAL OPERATING EXPENSES	1,262,146	43,528	59,880	214,376
970	Excess Operating Revenue over Expenses	81,726	-	59,711	29,072
973	Housing Assistance Payments				
974	Depreciation Expense	195,604		34,966	37,647
900	TOTAL EXPENSES	1,457,750	43,528	94,846	252,023
1001	Operating Transfer In	31,199			
1002	Operating Transfer Out	(121,199)			
10091	Inter Project Excess Cash Transfer In	13,638			
10092	Inter Project Excess Cash Transfer Out	(13,638)			
1010	Total Other Financing Sources (Uses)	(90,000)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (203,878)	$ -	$ 24,745	$ (8,575)

Wayne Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher	State & Local	Business Activities	COCC
703	Net Tenant Rental Revenue		101,566	147,525	
704	Tenant Revenue - Other		64,045	9,175	
705	Total Tenant Revenue	-	165,611	156,700	-
706	HUD PHA Operating Grants	4,298,555			
706.1	Capital Grants				
707.1	Management Fee				314,162
707.2	Asset Management Fee				28,680
707.3	Bookkeeping Fee				111,428
707.4	Front Line Service Fee				444,077
707.5	Other Fees			77,330	42,648
708	Other Government Grants		25,850	28,313	
711	Investment Income - Unrestricted			6	
714	Fraud Recovery	18,091			-
715	Other Revenue	11,102		7,015	8,088
716	Gain or Loss on Sale of Capital Assets			500	24,350
720	Investment Income - Restricted			10	
700	TOTAL REVENUE	4,327,748	191,461	269,874	973,433
911	Admin Salaries	135,085	5,823	34,055	397,819
912	Audit	2,688	676	1,510	3,772
913	Management Fee	127,464	8,700	9,349	
913.1	Bookkeeping Fee	79,665	3,600	1,350	
914	Advertising and Marketing				
915	Employee Benefits	116,332	2,411	13,467	372,605
916	Office Expenses	2,642	163	2,738	11,962
917	Legal Expense	510	606	180	140
918	Travel	81	109	987	1,539
919	Other	13,883	55	4,624	10,543
	Total Operating - Admin.	478,350	22,143	68,260	798,380
920	Asset Management Fee			1,800	
931	Water		8,462	13,994	3,043
932	Electricity		8,172	25,072	16,185
933	Gas		5,395	9,358	4,624
936	Sewer			1,211	
930	Total Utilities	-	22,029	49,635	23,852

Wayne Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher	State & Local	Business Activities	COCC
941	Ordinary Maint. & Operations - Labor	$ -	$ 2,237	$ 13,087	$ 152,872
942	Ordinary Maint. & Operations - Materials & Other	944	5,191	12,006	27,991
943	Ordinary Maint. & Operations - Contracts	10,370	42,626	52,838	31,736
945	Employee Benefits Contributions - Ordinary Maint.	-	1,026	7,632	88,439
940	Total Maintenance	11,314	51,080	85,563	301,038
961.1	Property Insurance		6,731	5,309	6,993
961.2	Liability Insurance	584			
961.3	Workmen's Compensation	2,306	61	630	5,780
961.4	All Other Insurance			100	348
961	Total Insurance	2,890	6,792	6,039	13,121
963	Payments in Lieu of Taxes		14,346	11,541	90
964	Bad Debt - Tenant Rents		2,608	1,881	
960	Total Other General Expenses	-	16,954	13,422	90
96710	Interest of Mortgage Payable			24,512	30,313
967	Total Interest Expense	-	-	24,512	30,313
	TOTAL OPERATING EXPENSES	492,554	118,998	224,719	1,136,481
970	Excess Operating Revenue over Expenses	3,835,194	72,463	45,155	(163,048)
973	Housing Assistance Payments	3,918,700			
974	Depreciation Expense	1,371	43,406	53,203	68,144
900	TOTAL EXPENSES	4,412,625	162,404	277,922	1,204,625
1001	Operating Transfer In				90,000
1002	Operating Transfer Out				
10093	Transfers between Program and Project-In				
10094	Transfers between Program and Project-Out				
1010	Total Other Financing Sources (Uses)	-	-	-	90,000
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (84,877)	$ 29,057	$ (8,048)	$ (141,192)

Wayne Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Subtotal	Elimination	Total
703	Net Tenant Rental Revenue	$ 936,112		$ 936,112
704	Tenant Revenue – Other	76,450		76,450
705	Total Tenant Revenue	1,012,562	-	1,012,562
706	HUD PHA Operating Grants	5,124,689		5,124,689
706.1	Capital Grants	102,765		102,765
707.1	Management Fee	314,162	(314,162)	-
707.2	Asset Management Fee	28,680	(28,680)	-
707.3	Bookkeeping Fee	111,428	(111,428)	-
707.4	Front Line Service Fee	444,077	(444,077)	-
707.5	Other Fees	119,978		119,978
708	Other Government Grants	166,932		166,932
711	Investment Income – Unrestricted	1,595		1,595
714	Fraud Recovery	18,571		18,571
715	Other Revenue	42,579		42,579
716	Gain or Loss on Sale of Capital Assets	24,850		24,850
720	Investment Income – Restricted	87		87
700	TOTAL REVENUE	7,512,955	(898,347)	6,614,608
911	Admin Salaries	737,710		737,710
912	Audit	14,169		14,169
913	Management Fee	314,162	(314,162)	-
913.1	Bookkeeping Fee	111,428	(111,428)	-
914	Advertising and Marketing	-		-
915	Employee Benefits	598,040		598,040
916	Office Expenses	31,595		31,595
917	Legal Expense	3,000		3,000
918	Travel	6,426		6,426
919	Other	39,900		39,900
	Total Operating - Admin.	1,856,430	(425,590)	1,430,840
920	Asset Management Fee	28,680	(28,680)	-
931	Water	169,286		169,286
932	Electricity	162,120		162,120
933	Gas	37,347		37,347
936	Sewer	2,613		2,613
930	Total Utilities	371,366	-	371,366

Wayne Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Subtotal	Elimination	Total
941	Ordinary Maint. & Operations - Labor	214,966		214,966
942	Ordinary Maint. & Operations - Materials & Other	158,066		158,066
943	Ordinary Maint. & Operations - Contracts	588,752	(444,077)	144,675
945	Employee Benefits Contributions - Ordinary Maint.	119,775		119,775
940	Total Maintenance	1,081,559	(444,077)	637,482
961.1	Property Insurance	78,814		78,814
961.2	Liability Insurance	584		584
961.3	Workmen's Compensation	11,482		11,482
961.4	All Other Insurance	448		448
961	Total Insurance	91,328	-	91,328
963	Payments in Lieu of Taxes	87,870		87,870
964	Bad Debt - Tenant Rents	35,449		35,449
960	Total Other General Expenses	123,319	-	123,319
96710	Interest of Mortgage Payable	66,655		66,655
967	Total Interest Expense	66,655		66,655
	TOTAL OPERATING EXPENSES	3,619,337	(898,347)	2,720,990
970	Excess Operating Revenue over Expenses	3,893,618		3,893,618
973	Housing Assistance Payments	3,918,700		3,918,700
974	Depreciation Expense	434,341		434,341
900	TOTAL EXPENSES	7,972,378	(898,347)	7,074,031
1001	Operating Transfer In	121,199	(121,199)	-
1002	Operating Transfer Out	(121,199)	121,199	-
10093	Transfers between Program and Project-In	13,638	(13,638)	-
10094	Transfers between Program and Project-Out	(13,638)	13,638	-
1010	Total Other Financing Sources (Uses)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (459,423)	$ -	$ (459,423)

Wayne Metropolitan Housing Authority
Additional Information Required by HUD
For the Year Ended December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Section 8 Housing Assistance Payments	Rural Rental Assistance Payments	Housing Choice Vouchers
11190	Unit Months Available	2,688	192	540	11,448
11210	Number of Unit Month Leased	2,615	192	508	10,622

Wayne Metropolitan Housing Authority
Additional Information Required by HUD
For the Year Ended December 31, 2017

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	State & Local	Business Activities
11190	Unit Months Available	348	180
11210	Number of Unit Month Leased	312	180

WAYNE METROPOLITAN HOUSING AUTHORITY
WOOSTER, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FOUR (1) FISCAL YEARS
(UNAUDITED)

Traditional Plan	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.006481%	0.006637%	0.006512%	0.006512%
Authority's Proportionate Share of the Net Pension Liability	$1,471,725	$1,149,614	$785,421	$767,680
Authority's Covered-Employee Payroll	$895,935	$825,992	$798,433	$863,231
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	164.27%	139.18%	98.37%	88.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

Combined Plan	2016	2015	2014	2013
Authority's Proportion of the Net Pension (Asset)	0.006200%	0.006710%	0.003501%	0.003501%
Authority's Proportionate Share of the Net Pension (Asset)	($3,451)	($3,265)	($1,347)	($367)
Authority's Covered-Employee Payroll	$52,306	$24,417	$12,800	$0
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	6.60%	13.37%	10.52%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.55%	116.90%	114.83%	104.33%

Amounts presented as of the Authority's measurement date which is the prior year.
(1) Information prior to 2013 is not available.

WAYNE METROPOLITAN HOUSING AUTHORITY
WOOSTER, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST FOUR (1) FISCAL YEARS
(UNAUDITED)

	2017	2016	2015	2014	2013
Contractually Required Contributions					
Traditional Plan	$ 107,512	$ 106,542	$ 99,119	$ 95,812	$ 112,220
Combined Plan	6,277	3,148	2,930	1,536	-
Total Required Contributions	113,789	109,690	102,049	97,348	112,220
Contributions in Relation to the Contractually Required Contribution	(113,789)	(109,690)	(102,049)	(97,348)	(112,220)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll					
-					
Traditional Plan	$ 895,935	$ 887,850	$ 825,992	$ 798,433	$ 863,231
Combined Plan	$ 52,306	$ 26,233	$ 24,417	$ 12,800	$ -
Pension Contributions as a Percentage of Covered-Employee Payroll					
-					
Traditional Plan	12.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	12.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

Ohio Public Employees' Retirement System

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for the last four years.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for the last four years. See the notes to the basic financial statements for the methods and assumptions in this calculation.

WAYNE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Expenditures	Fund Expended
U.S. Department of Housing and Urban Development			
Direct Programs:			
Low Rent Public Housing Program	14.850	$ 582,351	$ 0
Capital Fund Program	14.872	197,562	0
Project Based Rental Assistance Program	14.195	105,458	0
Section 8 Housing Choice Voucher Program	14.871	4,298,555	0
PIH Family Self-Sufficiency Program	14.896	43,528	0
Total Direct Awards		5,227,454	0
U.S. Department of Agriculture			
Direct Programs:			
Rural Rental Assistance Payments	10.427	112,769	0
Rural Rental Housing Loan	10.415	0	703,139
Total U.S. Department of Agriculture		112,769	703,139
Total Federal Expenditures		$5,340,223	$ 703,139

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

Kevin L.
Penn, Inc.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Wayne Metropolitan Housing Authority
Wooster, Ohio 44691

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities, of the Wayne Metropolitan Housing Authority, Wayne County, (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated May 4, 2018.

Internal Control Over Financial Reporting

As part of my financial statement audit, I considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support my opinion**(s)** on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, I have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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.

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, I tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of my audit and accordingly, I do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters I must report under *Government Auditing Standards*.

I noted certain matters that I reported to management of the Progressive Action Council's in a separate letter dated May 4, 2018.

Purpose of this Report

This report only describes the scope of my internal control and compliance testing and my testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.

May 4, 2018

Kevin L.
Penn, Inc.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Wayne Metropolitan Housing Authority
Wooster, Ohio 44691

Report on Compliance for each Major Federal Program

I have audited Wayne Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Wayne Metropolitan Housing Authority's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on my audit of the applicable compliance requirements referred to above. My compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe my audit provides a reasonable basis for my compliance opinion on each of the Authority's major programs. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on each Major Federal Program

In my opinion, Wayne Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing my compliance audit, I considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine my auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, I have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

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

This report only describes the scope of my internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.

May 4, 2018

Wayne Metropolitan Housing Authority
Schedule of Findings
December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major program:	Unmodified
Are there any reportable findings under 2 CFR Section 200.516(a)?	No
Identification of major programs:	
14.871	Housing Choice Voucher
14.850	Low Rent Public Housing
Dollar threshold used to distinguish between Type A and Type B programs:	Type A: > $750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings

None

There were no prior year audit findings.

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
JULY 24, 2018

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