

MANSFIELD METROPOLITAN HOUSING AUTHORITY

Financial Condition

As of

June 30, 2013

Together with Auditors' Report



Dave Yost • Auditor of State

Board of Trustees
Mansfield Metropolitan Housing Authority
P.O. Box 1029
Mansfield, Ohio 44901

We have reviewed the *Independent Auditors' Report* of the Mansfield Metropolitan Housing Authority, Richland County, prepared by Kevin L. Penn, Inc., for the audit period July 1, 2012 through June 30, 2013. 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 Mansfield Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 9, 2013

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**MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO**

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Kevin L.
enn, Inc.

Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
Fax:(216)421-1001
Email: klpenncpa@aol.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mansfield Metropolitan Housing Authority
Mansfield, Ohio

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Mansfield Metropolitan Housing Authority, Richland County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Mansfield Metropolitan Housing 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 Mansfield Metropolitan Housing 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 Mansfield Metropolitan Housing Authority's internal control. Accordingly, I express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as my 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 Mansfield Metropolitan Housing Authority, Mansfield County, Ohio as of June 30, 2013, and the respective changes in financial position and cash flows 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*, 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 I 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 Mansfield Metropolitan Housing Authority's basic financial statements taken as a whole. The Supplemental Financial Data Schedules present additional analysis and is not a required part of the basic 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 October 25, 2013 on my consideration of the Mansfield Metropolitan Housing 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 Mansfield Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

October 25, 2013

Mansfield Metropolitan Housing Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

The Mansfield Metropolitan Housing Authority's (the Authority's) management's discussion and analysis 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 financial position (its ability to address the next and subsequent fiscal year challenges), and (d) identify individual fund issues or concerns.

This Management Discussion and Analysis is new, and will now be presented at the front of each year's financial statements.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS

- During FY 2013, the Authority's net position decreased by \$132,547 (or 4.76%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type Net Position. Net Position was \$2,787,480 and \$2,654,933 for FY 2012 and FY 2013 respectively.
- The revenue decreased by \$399,192 (or 4.35%) during FY 2013, and was \$9,187,224 and \$8,788,032 for FY 2012 and FY 2013 respectively.
- The total expenses of the Authority increased by \$235,150 (or 2.71%). Total expenses were \$8,684,594 and \$8,919,744 for FY 2012 and FY 2013 respectively.

The primary focus of the Authority's financial statement (summarized fund-type information) has been discarded. The new and clearly preferable focus is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Authority-Wide Financial Statements

The Authority-wide financial statements (see pgs 11-13) 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, equals "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 represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

Net Position, Invested in Capital Assets, Net of Related Debt: 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 assets, 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 do not meet the definition of “Net Position Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Position”.

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

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

Finally, Statement of Cash Flows (see page 13) is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. 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 required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority’s Programs

Business Type Funds

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 and Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants’ rent at 30% of adjusted household income.

New Construction Section 8 Program - Under the New Construction Project Based Program the Authority serves as Contract Administrator for two (2) projects: Smiley Gardens and Morchester Villa. The family's rent is subsidized through a Housing Assistance Payment made between the project owner and the family. HUD provides Annual Contributions Funding to the Authority to pay the owner. The Participants' rent is set at 30% of adjusted household income. Both Projects are now closed.

Other Non-major Funds - In addition to the major funds above, the Authority also maintains the following non-major funds. Non-major funds are defined as funds that have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues or expenses:

Local/State Activities – represents non-HUD resources developed from a variety of activities.

AUTHORITY-WIDE STATEMENT

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

	FY 2012	FY 2013
Current and Other Assets	\$2,298,496	\$2,209,383
Capital Assets	<u>847,923</u>	<u>791,828</u>
Total Assets	<u>3,146,419</u>	<u>3,001,211</u>
Other Liabilities	55,954	84,839
Non-Current Liabilities	<u>302,985</u>	<u>261,439</u>
Total Liabilities	<u>358,939</u>	<u>346,278</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	685,566	667,381
Restricted	656,093	558,740
Unrestricted	<u>1,445,821</u>	<u>1,428,812</u>
Total Net Position	<u>\$2,787,480</u>	<u>\$2,654,933</u>

For more detailed information see page 11 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current assets were decreased by \$89,113 or 3.88%. Major cause was the decrease in cash because of the reduction to HAP reserves (Restricted Net Position) of \$97,353 during FY13. Liabilities were also decreased by \$12,661 or 3.53% mostly due to the mortgage payments

The Capital Assets decreased in 2013 the net result of \$56,095 due to additions or purchases, disposition of assets and current year's depreciation. For more detail see "Capital Assets and Debt Administration" below.

Table 2 presents details on the change in Unrestricted Net Position and Table 3 the details on the change in Restricted Net Position.

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position 6/30/12		\$1,445,821
Results of Operations	(35,194)	
Adjustments:		
Depreciation (1)	69,211	
Adjusted Results from Operations		34,017
Capital Expenditures		(13,116)
Retirement of Debt		<u>(37,910)</u>
Unrestricted Net Position 6/30/13		<u><u>\$1,428,812</u></u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) Prior period correction of expenses allocated

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 change in financial well-being.

TABLE 3

CHANGE OF RESTRICTED NET POSITION

Restricted Net Position 6/30/12		\$656,093
Results of Operations		
Over used of Current Year HAP funding	(108,027)	
Recovery /Other Payments	11,509	
Interest Earned	(835)	
Adjusted Results from Operations		(97,353)
Restricted Net Position 6/30/13		<u><u>\$ 558,740</u></u>

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position compared to prior year.

TABLE 4

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET 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.

	FY 2012	FY 2013
Revenues		
HUD PHA Operating Grants	\$ 8,734,724	\$ 8,319,588
Investment Income-ALL	4,593	2,811
G/L on Disposition of Equipment	0	0
Other Revenues - Service Income	411,074	442,615
Other Revenues – Fraud Recovery-All	36,833	23,018
Total Revenue	<u>9,187,224</u>	<u>8,788,032</u>
Expenses		
Administrative	1,180,489	1,196,950
Maintenance	21,153	19,834
General	16,241	15,016
Housing Assistance Payments	7,398,929	7,618,733
Depreciation	67,782	69,211
Total Expenses	<u>8,684,594</u>	<u>8,919,744</u>
Net Increase/ (Decrease)	<u>\$ 502,630</u>	<u>\$ (131,712)</u>

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

HUD PHA Grants for FY2013 decreased by \$415,136 or 4.75% due to funding decreases in both HAP & Admin. Also Investment Income and Fraud Recovery payments decreased in FY13. While Other Revenues-Service income/ports increased in FY13 by \$31,541 or 7.67%.

Housing Assistance Payments Expense increased by \$219,804 or 2.97% in Fy13. This was the result of higher leasing in FY13. 20,809 unit months were leased while in FY12 only 20,236 unit months were leased, an increase of 2.83%.

Administrative, Maintenance and General Expenses had totaled a \$13,917 increase over FY12 or 1.14%. These slight increases were caused by changes in staffing in FY13 and inflation.

The net decrease of \$131,712 was the result of a \$96,518 decrease to HAP reserves and a \$35,194 decrease in the fiscal year administrative operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of 6/30/13 the Authority had \$791,828 in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation).

TABLE 5

**CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	Business-type Activities	
	FY 2012	FY 2013
Land	\$ 30,000	\$ 30,000
Building & Improvements	1,122,705	1,135,821
Furniture & Equipment	112,302	112,302
Vehicles	51,699	51,699
Accumulated Depreciation	(468,783)	(537,994)
Total	<u>\$ 847,923</u>	<u>\$ 791,828</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 21 of the notes.

TABLE 6

CHANGE IN CAPITAL ASSETS

	Business Type Activities
Beginning Balance, July 1, 2012	\$ 847,923
Additions	13,116
Gain/(Loss) from Disposition	0
Depreciation	<u>(69,211)</u>
Ending Balance, June 30, 2013	<u>\$ 791,828</u>

This year's major additions are:

A total of \$13,116 for various office improvements completed.

Debt Outstanding

As of 6/30/13 the Authority had \$124,447 in debt (mortgage) outstanding as compared to \$162,357 last year, a \$37,910 decrease.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho; Finance Manager for the Mansfield Metropolitan Housing Authority, at (419) 526-1622 Specific requests may be submitted to the Authority at P.O. Box 1029, Mansfield, OH 44901.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted (Note 2)	\$ 1,623,352
Cash and Cash Equivalents - Restricted (Note 3)	560,405
Accounts Receivable - Fraud Recovery	20,737
Allowance for Doubtful Accounts	(20,737)
Accounts Receivable – Other	12,325
Accrued Interest Receivable	48
Prepaid Expenses	13,253
Total Current Assets	<u>2,209,383</u>

Non-Current Assets

Nondepreciable Capital Assets - (Note 4)	30,000
Depreciation Capital Assets - (Note 4)	761,828
Total Non-Current Assets	<u>791,828</u>
TOTAL ASSETS	<u><u>\$ 3,001,211</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 13,811
Accounts Payable - HUD	1,665
Accrued Expenses	6,613
Current Portion of Long-Term Debt	39,839
Unearned Revenue	4,115
Accrued Compensated Absences	18,796
Total Current Liabilities	<u>84,839</u>

Non-Current Liabilities

Long-Term Debt, Net of Current Portion	84,608
Accrued Compensated Absences	176,831
Total Non-Current Liabilities	<u>261,439</u>
Total Liabilities	<u><u>\$ 346,278</u></u>

Net Position

Investment in Capital Assets, Net of Related Debt	\$ 667,381
Restricted	558,740
Unrestricted	1,428,812
Total Net Position	<u><u>\$ 2,654,933</u></u>

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

MANSFIELD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Operating Revenue:

HUD Operating Subsidies and Grants	\$ 8,319,588
Other Revenue	<u>465,633</u>
Total Operating Revenue	8,785,221

Operating Expenses:

Housing Assistance Payments	7,618,733
Other Administrative Expense	1,189,259
Material and Labor - Maintenance	19,834
Depreciation Expense	69,211
General Expenses	<u>15,016</u>
Total Operating Expenses	<u>8,912,053</u>

Operating Income (Loss)	(126,832)
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Non-Operating Revenues (Expenses)

Investment Income - Unrestricted	2,811
Interest Expense	<u>(7,691)</u>
Total Non-Operating Revenues (Expenses)	(4,880)

Change in Net Position	(131,712)
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Net Position - Beginning of Year as Previously Stated	2,787,480
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Prior Period Adjustment (See Note 13)	(835)
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Net Position - Beginning of Year as Restated	<u>2,786,645</u>
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Net Position - End of Year	<u><u>\$ 2,654,933</u></u>
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The accompanying notes are an integral part of the financial statements.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Cash Flows From Operating Activities:	
Cash Received from HUD	\$ 8,319,588
Cash Received from Other Income	456,723
Cash Payments for Housing assistance payments	(7,618,733)
Cash Payments for Administrative	(1,154,965)
Cash Payments for Other Operating Expenses	<u>(35,685)</u>
Net Cash Provided (Used) by Operating Activities	(33,072)
Cash Flows From Capital and Related Financing Activities:	
Fixed Assets Addition	(13,116)
Repayment of Long Term Debt	(37,910)
Interest Expense	<u>(7,691)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(58,717)
Cash Flows From Investing Activities:	
Investment Income	<u>2,811</u>
Net Cash Provided (Used) by Investing Activities	2,811
Increase (Decrease) in Cash and Cash Equivalents	(88,978)
Cash and Cash Equivalents - Beginning of Year	<u>2,272,735</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,183,757</u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$ (126,832)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	69,211
(Increase) decrease in:	
Accounts Receivable	476
Accrued Interest Receivable	272
Prepaid Expenses	(613)
Increase (decrease) in:	
Accounts Payable	355
Compensated Absences	19,069
Deferred Revenue	4,115
Accrued Expenses	<u>875</u>
Net cash used in operating activities	<u>\$ (33,072)</u>

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

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - Summary of Significant Accounting Policies:

Summary of Significant Accounting Policies

The basic financial statements of the Mansfield Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the generally accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, Determining Whether Organizations are Component Units, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - Summary of Significant Accounting Policies: (continued)

Reporting Entity (continued)

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. Based on the above criteria, the Authority has no component units.

Measurement Focus/Basis of Accounting

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

Fund Accounting

The Authority uses a proprietary fund to report on its financial position and the results of its operations for the Section 8 Housing Choice Voucher program. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Proprietary Fund Types:

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

Enterprise Fund - The Authority is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of Net Position. The statement of revenues, expenses and changes in Net Position presents increases (i.e. revenues) and decreases (i.e. expenses) in total Net Position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - Summary of Significant Accounting Policies: (continued)

Proprietary Fund Types: (continued)

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 to be cash equivalents. Effective July 1, 2003, the Authority made a change in the presentation of its cash flow statement. The Authority is now presenting cash and cash equivalents (including certificates of deposit) in the cash flow statement.

Capital Assets

The Authority capitalizes all assets with a cost of \$500 and above. 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 and Improvements	20 to 30 years
Equipment	5 to 7 years
Autos	5 years
Computers	3 years

Total depreciation expense for the 2013 fiscal year was \$69,211.

Capitalization of Interest

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

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - Summary of Significant Accounting Policies: (continued)

Compensated Absences

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

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

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

Investments

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

Prepaid Items

Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid items via the consumption method.

Operating Revenues and Expenses

Operating revenues are those revenue that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

Accounts Receivable

Management considers all accounts receivable (excluding the fraud recovery receivable) to be collected in full.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - Summary of Significant Accounting Policies: (continued)

Accrued Interest Receivable

Accrued interest receivable represents the amount of interest earned but not collected on certificates of deposits as of the balance sheet date. Interest is collected upon maturity.

Interfund Receivables/Payables

The Authority reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Net Position

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets consist of capital assets net of accumulated depreciation. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount reported as restricted Net Position at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts from Administration Fee which may be recaptured by HUD. When an expense is incurred for purposes which both restricted and unrestricted Net Position are available, the Authority first applies restricted Net Position. Net Position restricted by HUD was \$558,740.

NOTE 2 – Deposits and Investments:

The provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Adoption of GASB Statement No. 40 had no effect on Net Position and change in Net Position in the prior or current year.

A. Deposits

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 – Deposits and Investments: (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

At year-end, the carrying amount of the Authority's deposits was \$2,183,757 (including \$100 of petty cash) and the bank balance was \$2,217,621.

Custodial Credit Risk

Custodial Credit Risk 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. The financial institution collateral pool that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end deposits totaling \$340,011 was covered by Federal Depository and \$1,877,610 was covered by the collateral pool.

B. Investments

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. 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. However, at June 30, 2013, the Authority investments were limited to certificates of deposits.

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 those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 – Deposits and Investments: (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

Generally, the Authority places no limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of HUD - approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represents 100 percent of its deposits.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

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 requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee.

<u>Cash and Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years < 1)</u>
Carrying Amount of Deposits	\$2,183,657	\$2,183,657
Petty Cash	<u>100</u>	<u>100</u>
Totals	<u>\$2,183,757</u>	<u>\$2,183,757</u>

NOTE 3 – Restricted Cash:

Restricted cash balance as of June 30, 2013 of \$560,405 represents cash advanced from the Department of Housing and Urban Development for housing assistance.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 – Capital Assets:

A summary of capital assets at June 30, 2013, by class is as follows:

	<u>6/30/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/2013</u>
Capital Assets Not Being Depreciated				
Land	\$ 30,000	\$ 0	\$ 0	\$ 30,000
Total Capital Assets Not Being Depreciated	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>30,000</u>
Capital Assets Being Depreciated				
Buildings and Improvements	1,054,027	13,116	0	1,067,143
Vehicles	51,699	0	0	51,699
Furniture, Equipment, and Machinery – Administrative	<u>180,980</u>	<u>0</u>	<u>0</u>	<u>180,980</u>
Subtotal Capital Assets Being Depreciated	1,286,706	13,116	0	1,299,822
Accumulated Depreciation:				
Buildings	(391,881)	(49,206)	0	(441,087)
Vehicles	(31,538)	(6,542)	0	(38,080)
Furniture, Equipment and Machinery	<u>(45,364)</u>	<u>(13,463)</u>	<u>0</u>	<u>(58,827)</u>
Total Accumulated Depreciation	(468,783)	(69,211)	0	(537,994)
Depreciable Assets, Net	<u>817,923</u>	<u>(56,095)</u>	<u>0</u>	<u>761,828</u>
Total Capital Assets, Net	<u>\$ 847,923</u>	<u>\$(56,095)</u>	<u>\$ 0</u>	<u>\$ 791,828</u>

NOTE 5: Defined Benefit Pension Plan:

Ohio Public Employees Retirement System

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

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 5: Defined Benefit Pension Plan: (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Effective January 1, 2009, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2013 and 2012 was 14.0 percent (of which 8.5 percent relates to pension contributions) of covered payroll.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2013, 2012 and 2011 were \$98,930; \$99,636 and \$99,660 respectively; 100 percent has been contributed for 2013, 2012, and 2011.

NOTE 6- Post Employment Benefits:

A. Plan Description

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013 and 2012, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013 and 2012, the employer contribution allocated to the health care plan was 4.23 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 30, 2013, which were used to fund post-employment benefits were \$29,891.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 7 - Long-Term Debt:

	<u>Balance at 6/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/13</u>	<u>Due Within One Year</u>
Mansfield Bank Note, 8/10/06	\$162,357	\$ 0	\$ 37,910	\$124,447	\$39,839
Compensated Absences	\$176,559	\$ 98,788	\$ 79,720	\$195,627	\$18,796

Long-term debt for Low-Rent Public Housing includes a 10 year note payable to Mansfield Bank. The proceeds of \$350,000 will be used for the 88 West Third Street building project. This note is secured by the Third Street Building and bears interest at 5.25 percent. The note and agreement matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013-2014	\$ 39,839	\$ 5,761	\$ 45,600
2014-2015	42,040	3,560	45,600
2015-2016	42,568	3,032	45,600
	<u>\$ 124,447</u>	<u>\$ 12,353</u>	<u>\$ 136,800</u>

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 8 - Compensated Absences:

Full time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation days may not be carried over into the next calendar year. Generally, upon termination after one year of service, employees are entitled to be paid all accrued vacation.

The following schedule details earned annual leave based on length of service:

1-8 years	12 days
9-14 years	18 days
15-19 years	24 days
20 years and over	30 days

Sick leave accrues to full time, permanent employees to specified maximums. Sick leave may be cumulative without limit. However, employees with 8 years or more of service, upon termination of employment, may receive a percentage of their accumulated sick leave at one-third of the first 240 days, one-fourth of unused sick leave in excess of 240 hours but less than 960 hours, plus 15 percent of unused sick leave in excess of 960 hours. Employees, upon retirement, may receive 50 percent of their accumulated sick leave hours.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off as some other form of compensation because an employee has not met the minimum service requirement is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The Authority's estimated liability for compensated absences at June 30, 2013 is \$195,627.

NOTE 9 - Risk Management:

Commercial Insurance

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past three years. Deductibles and coverage limits are summarized below:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 500	\$ 2,092,000
General Liability	0	1,000,000/2,000,000
Automobile	250/500	1,000,000
Employee Dishonesty	500	1,000,000
Public Officials	2,500	2,000,000

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 – Risk Management: (continued)

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 Medical Mutual for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 10 - Contingent Liabilities:

A. Grants

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.

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

NOTE 11 - Schedule of Expenditures of Federal Awards:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mansfield Metropolitan Housing Authority and is presented on the accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

NOTE 12 - Construction and Other Commitments:

The Authority had no material operating lease commitments or material capital or construction commitments at June 30, 2013.

NOTE 13 – Prior Period Adjustment

The Authority adjusted prior period Net Position as follows:

Net Position as of June 30, 2012	\$2,787,480
Adjustment:	
Increase in HUD Payable	<u>(835)</u>
Restated Net Position as of June 30, 2012	<u>\$2,786,645</u>

The adjustment to prior period Net Position was necessary to properly reflect the understatement of HUD payable.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
MANSFIELD, OHIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 14 - 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 October 25, 2013, the date on which the financial statements were available to be issued.

Mansfield Metropolitan Housing Authority
Statement of Net Position
June 30, 2013

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

Line item	Account Description	Housing Choice Voucher	State & Local	TOTALS
111	Cash - Unrestricted	\$ 541,783	\$ 4,560	\$ 546,343
113	Cash - Other Restricted	558,740		558,740
115	Cash - Restricted for Payment of Current Liab.	1,665		1,665
100	Total Cash	1,102,188	4,560	1,106,748
124	Acct Rec-Other Government	604		604
125	Acct Rec-Misc.	11,721		11,721
128	Fraud Recovery	20,737		20,737
128.1	Allow Doubtful Accounts	(20,737)		(20,737)
129	Accrued Interest Receivable	30	18	48
120	Net Total Receivables	12,355	18	12,373
131	Investments-Unrestricted		1,077,009	1,077,009
142	Prepaid Expenses	13,253	-	13,253
150	Total Current Assets	1,127,796	1,081,587	2,209,383
161	Land		30,000	30,000
162	Buildings	92,684	295,000	387,684
164	F/E/M Admin.	93,273	70,728	164,001
165	Leasehold Improvements	-	748,137	748,137
166	Accum Depreciation	(96,908)	(441,086)	(537,994)
160	Net Fixed Assets	89,049	702,779	791,828
190	TOTAL ASSETS	\$ 1,216,845	\$1,784,366	\$ 3,001,211
312	A/P <= 90 days	\$ 13,811		\$ 13,811
321	Accrued Wage/Taxes Payable	6,613		6,613
322	Accrued Comp Abs - current	18,796		18,796
331	Acct. Pay. - HUD PHA Programs	1,665		1,665
342	Unearned Revenue	4,115		4,115
348	Loan Liability - Current		39,839	39,839
310	Total Current Liabilities	45,000	39,839	84,839
354	Accrued Comp Abs. - Noncurrent	176,831		176,831
355	Loan Liability		84,608	84,608
	Total Liabilities	221,831	124,447	346,278
508.1	Invested in Capital Assets Net	89,049	578,332	667,381
511.1	Restricted Net Position	558,740	-	558,740
512.1	Unrestricted Net Position	347,225	1,081,587	1,428,812
513	Total Equity/Net Position	995,014	1,659,919	2,654,933
600	TOTAL LIAB. & EQUITY	\$ 1,216,845	\$ 1,784,366	\$ 3,001,211

Mansfield Metropolitan Housing Authority
Statement of Revenue and Expenses
June 30, 2013

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

Line item	Account Description	Housing Choice Voucher	State & Local	Subtotal
706	HUD PHA Operating Grants	\$ 7,506,605		\$ 7,506,605
706.2	Ongoing Administrative Fees Earned	812,983		812,983
711	Investment Income - PHA	561	2,250	2,811
714	Fraud Recovery - PHA	23,018		23,018
715	Other Revenue	4,327	438,288	442,615
700	TOTAL REVENUE	8,347,494	440,538	8,788,032
911	Admin. Salaries	525,127	188,478	713,605
912	Audit	6,671		6,671
914	Advertisement & Marketing	1,219		1,219
915	Employee Benefits	153,947	116,513	270,460
916	Office Expenses	135,668	30,842	166,510
917	Legal Expense	5,127		5,127
918	Travel	6,871		6,871
	Total Operating - Admin.	834,630	335,833	1,170,463
942	Ordinary Maint.	12,980	6,854	19,834
	Total Maint.	12,980	6,854	19,834
961.2	Insurance - Liab Insurance	13,819		13,819
961.3	Interest Expense	1,197		1,197
	Total Insurance	15,016	-	15,016
962.1	Comp Abs	18,796		18,796
967	Interest Expense	-	7,691	7,691
	TOTAL OPERATING EXPENSES	881,422	350,378	1,231,800
970	Excess Oper. Rev. over Exp.	7,466,072	90,160	7,556,232
973	HAP	7,614,632		7,614,632
973.5	HAP Portability-In	4,101		4,101
974	Depreciation Exp	20,005	49,206	69,211
900	TOTAL EXPENSES	8,520,160	399,584	8,919,744
1000	NET INCOME (LOSS)	\$ (172,666)	\$ 40,954	\$ (131,712)

Mansfield Metropolitan Housing Authority
Additional Information Required by HUD
June 30, 2013

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

Line item	Account Description	Housing Choice Voucher
11030	Beginning Equity	\$ 1,168,515
11170	Administrative Fee Equity	\$ 436,274
11180	Housing Assistance Payment Equity	\$ 558,740
11190	Unit Months Available	20,820
11210	Number of Unit Months Leased	20,809

Mansfield Metropolitan Housing Authority

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Direct Program		
Section 8 Housing Choice Vouchers	14.871	\$ 8,520,160
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 8,520,160</u>

The accompanying notes to this schedule are an integral part of this schedule.



Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
Fax:(216)421-1001
Email: klpenncpa@aol.com

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

Board of Trustees
Mansfield Metropolitan Housing Authority
Mansfield, Ohio

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 Mansfield Metropolitan Housing Authority, Richland County, Ohio as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued my report thereon dated October 25, 2013.

Internal Control Over Financial Reporting

As part of my financial statement audit, I considered the Mansfield Metropolitan Housing 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 Mansfield Metropolitan Housing 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 Mansfield Metropolitan Housing 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 I consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Mansfield Metropolitan Housing Authority's financial statements are free of material misstatement, we 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 my tests disclosed no instances of noncompliance or other matters I must report under *Government Auditing Standards*.

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 Mansfield Metropolitan Housing Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Mansfield Metropolitan Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kevin L. Penn, Inc.

October 25, 2013



Certified Public Accountant
11811 Shaker Boulevard, Suite 421
Cleveland, Ohio 44120
(216)421-1000
Fax:(216)421-1001
Email: klpenncpa@aol.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Mansfield Metropolitan Housing Authority
Mansfield, Ohio

Report on Compliance for Each Major Federal Program

I have audited the Mansfield Metropolitan Housing Authority compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Mansfield Metropolitan Housing Authority's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Mansfield Metropolitan Housing Authority's major federal program.

Management's Responsibility

The Mansfield Metropolitan Housing Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

My responsibility is to opine on the Mansfield Metropolitan Housing Authority's compliance for each of the Mansfield Metropolitan Housing Authority's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require me 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 Mansfield Metropolitan Housing 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 the Mansfield Metropolitan Housing Authority's major program. However, my audit does not provide a legal determination of the Mansfield Metropolitan Housing Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, the Mansfield Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The Mansfield Metropolitan Housing 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 Mansfield Metropolitan Housing 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 OMB Circular A-133, 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 Mansfield Metropolitan Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, 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 compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.

October 25, 2013

Mansfield Metropolitan Housing Authority
 Schedule of Findings
 June 30, 2013

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? None Reported

Type of auditor's report issued on compliance
 for major program: Unmodified

Any audit findings disclosed that are required
 to be reported in accordance with
 Circular A-133, Section .510(a)? No

Identification of major programs:
 14.871 Housing Choice Vouchers

Dollar threshold used to distinguish
 between Type A and Type B programs: \$300,000 (Type A)

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

Mansfield Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

There were no audit findings, during the 2012 fiscal year.



Dave Yost • Auditor of State

MANSFIELD METROPOLITAN HOUSING AUTHORITY

RICHLAND 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
DECEMBER 19, 2013**