MANSFIELD METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2004

Auditor of State
Betty Montgomery

Board of Commissioners
Mansfield Metropolitan Housing Authority

We have reviewed the Independent Auditor's Report of the Mansfield Metropolitan Housing Authority, Richland County, prepared by James G. Zupka, CPA, Inc. for the audit period July 1, 2003 through June 30, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 28, 2005

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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MANSFIELD METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mansfield Metropolitan Housing Authority
Mansfield, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the accompanying basic financial statements of Mansfield Metropolitan Housing Authority, as of and for the year ended June 30, 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Mansfield Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mansfield Metropolitan Housing Authority, as of June 30, 2004, and the changes in net assets and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Authority made a change in its presentation of the statement of cash flows from the prior period.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2004 on our consideration of Mansfield Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

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

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

November 12, 2004

The Mansfield Metropolitan Housing Authority's (the "Authority") 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.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Authority's financial statements, which begin on page 10.

Financial Highlights

- During fiscal year 2004, the Authority's net assets increased by $10,584, or less than 1 percent. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net assets were $1,551,353 and $1,561,937 for fiscal year 2003 and fiscal year 2004, respectively.

- The Authority's revenue increased by $1,169,964, or 18.27 percent during fiscal year 2004. Revenue for fiscal year 2003 and fiscal year 2004 was $6,401,348 and $7,571,312, respectively.

- The total expenses of the Authority increased by $1,275,652, or 20.30 percent. Total expenses for fiscal year 2003 and fiscal year 2004 were $6,284,994 and $7,560,646, respectively.

Using This Annual Report

This report includes three major sections, the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, and Other Required Supplementary Information.

MD&A
Management's Discussion and Analysis

Basic Financial Statements
Authority-Wide Financial Statements - pages 10-12
Fund financial Statement - pages 22-23
Notes to the Basic Financial Statements - pages 13-21

Other Required Supplementary Information
Required Supplementary Information - none (other than MD&A expanded)

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

The Authority-wide financial statements on pages 10 through 12 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.

The statements include a Statement of Net Assets, which is similar to a balance sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities equal Net Assets, 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 on the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net assets, formerly equity, are reported in three broad categories:

- *Net Assets, Invested in Capital Assets, Net of Related Debt* This component of net assets 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 Assets* This component of net assets consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

- *Unrestricted Net Assets* Consists of net assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Assets, which is similar to an Income Statement. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenues and expenses, such as grant revenue, investment income, and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to net income or loss.

Finally, a Statement of Cash Flows on page 12 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

The Authority is accounted for as an enterprise fund. 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 Funds

<u>Business-Type Funds</u>

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 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 percent of adjusted household income.

New Construction Section 8 Program Under the New Construction Project Based Program, the Authority serves as Contractor 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 percent of adjusted household income.

Other Funds In addition to the programs above, the Authority also maintains the following funds. These funds are defined as funds that have assets, liabilities, revenues, or expenses of at least 5 percent 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, including services to other entities.

Authority-Wide Statements

The following table reflects the condensed Statement of Net Assets compared to prior year. The Authority is engaged only in Business-Type Activities.

Table 1 - Statement of Net Assets

	FY 2004	FY 2003
Assets		
Current and Other Assets	$ 1,956,139	$ 2,029,123
Capital Assets	199,100	194,315
Total Assets	2,155,239	2,223,438
Liabilities		
Current Liabilities	314,270	418,632
Noncurrent Liabilities	279,032	253,453
Total Liabilities	593,302	672,085
Net Assets		
Invested in Capital Assets	199,100	194,315
Unrestricted	1,362,837	1,357,038
Total Net Assets	$ 1,561,937	$ 1,551,353

For more detailed information, see page 10 for the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

Although assets were reduced by $68,199 and liabilities were reduced by $78,783, current assets, primarily cash and investments, were used to extinguish liabilities.

Capital assets did not change significantly, increasing from $194,315 to $199,100. The $4,785 increase can be attributed to a combination of acquisitions of $30,858 less current year depreciation of $26,073. For more detail, see Capital Assets and Debt Administration below.

Table 2 presents details on the change in Unrestricted Net Assets.

Table 2 - Change of Unrestricted Net Assets

Unrestricted Net Assets at June 30, 2003		$ 1,357,038
Results of Operations	$ 10,666	
Adjustments:		
Depreciation (1)	26,073	
Adjustment from HUD (2)	(82)	
Adjusted Results from Operations		36,657
Capital Expenditures		(30,858)
Unrestricted Net Assets at June 30, 2004		$ 1,362,837

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net assets.

(2) HUD adjusted the fiscal year ending June 30, 2002 year-end reports. Morchester Villa was adjusted by $(245) and Smiley Gardens for $163, for a net decrease of $82.

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes is unrestricted net assets provides a clearer change in financial well-being.

The following schedule reflects the condensed Statement of Revenues, Expenses, and Changes in Net Assets compared to prior year and compares the revenues and expenses for the current and previously fiscal year. The Authority is engaged in only business-type activities.

Table 3 - Statement of Revenues, Expenses, and Changes in Net Assets

	FY 2004	FY 2003
Revenues		
HUD PHA Operating Grants/Subsidies	$ 7,096,003	$ 5,969,571
Investment Income	10,068	20,667
Loss on Disposition of Equipment	0	(1,000)
Other Revenues - Service Income	460,167	406,559
Other Revenues - Fraud Recovery	5,074	5,551
Total Revenues	7,571,312	6,401,348
Expenses		
Administrative	1,220,080	1,028,877
Maintenance	32,568	21,615
General	23,111	18,229
Housing Assistance Payments	6,258,814	5,195,683
Depreciation	26,073	20,590
Total Expenses	7,560,646	6,284,994
Change in Net Assets	$ 10,666	$ 116,354

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

HUD PHA grants increased due to the Authority's increase in leasing and the addition of 128 units during fiscal year 2004. Fiscal year 2004 had a leasing rate of 94 percent or 18,494 unit months leased out of a 19,656 available. Compared to a 99.3 percent rate for fiscal year 2003 or 16,604 unit months leased with 16,728 available.

These additional 1,890 unit months leased would have also had an effect on the In-Housing Assistance Payments increase of $1,063,131 from last year. The increase in Payment Standards would also have added to the cause of the increase.

Administrative expenses increased due to a 5 percent raise given to all employees effective July 1, 2003, increased programming contract costs due to changes in computer system, and Architect and Engineering expenses that were incurred due to the Authority's search for a new office space. Maintenance costs increased due to the building being painted and other items done.

Most other expenses increased modestly due to inflation.

Capital Assets

As of June 30, 2004, the Authority had $199,100 invested in capital assets as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation) of $4,785 from the prior year.

Table 4 - Capital Assets at Year-End (Net of Depreciation)

	FY 2004	FY 2003
Land	$ 56,000	$ 56,000
Buildings and Improvements	209,463	209,463
Furniture and Equipment	297,982	274,183
Vehicles	98,755	108,685
Accumulated Depreciation	(463,100)	(454,016)
Total	$ 199,100	$ 194,315

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 18 of the notes.

Table 5 - Change in Capital Assets

	Business-Type Activities
Beginning Balance, July 1, 2003	$ 194,315
Additions	30,858
Depreciation	(26,073)
Ending Balance, June 30, 2004	$ 199,100

The year's major additions are:

Gateway computers, flat CRTs, printers, etc. for the entire office	$ 30,858

Debt Outstanding

As of June 30, 2004, the Authority has no outstanding debt (bonds, notes, etc.).

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, Ohio 44901.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Totals
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,841,206
Receivables - Net of Allowance	110,419
Deferred Charges and Other Assets	4,514
Total Current Assets	1,956,139
Noncurrent Assets	
Capital Assets:	
Nondepreciable Capital Assets	56,000
Depreciable Capital Assets, Net	143,100
Total Noncurrent Assets	199,100
TOTAL ASSETS	$ 2,155,239
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	$ 6,908
Accounts Payable - HUD	273,462
Accrued Compensated Absences	33,900
Total Current Liabilities	314,270
Noncurrent Liabilities	
Other Liabilities	18,988
Accrued Compensated Absences	260,044
Total Noncurrent Liabilities	279,032
Total Liabilities	593,302
Net Assets	
Invested in Capital Assets	$ 199,100
Unrestricted Net Assets	1,362,837
Total Net Assets	1,561,937
Total Liabilities and Net Assets	$ 2,155,239

See accompanying notes to the basic financial statements.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Totals
Operating Revenue	
Program Operating Grants/Subsidies	$7,096,003
Other Income - Service Income	460,167
Other Income - Fraud Recovery	5,074
Total Operating Revenue	7,561,244
Operating Expenses	
Administrative	1,220,080
Maintenance	32,568
General	23,111
Housing Assistance Payments	6,258,814
Depreciation	26,073
Total Operating Expenses	7,560,646
Operating Income (Loss)	598
Nonoperating Revenues (Expenses)	
Interest and Investment Revenue	10,068
Total Nonoperating Revenues (Expenses)	10,068
Change in Net Assets	10,666
Prior Period Adjustment	(82)
Total Net Assets, Beginning Balance	1,551,353
Total Net Assets, Ending	$1,561,937

See accompanying notes to the basic financial statements.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2004

	Totals
Cash Flows from Operating Activities	
Cash Received from HUD	$ 6,986,557
Cash Received from Clients	405,245
Cash Payments for Housing Assistance Payments	(6,258,814)
Cash Payments for Administrative	(1,191,685)
Cash Payments for Other Operating Expenses	(53,832)
Net Cash (Used) by Operating Activities	(112,529)
Cash Flows from Capital and Related Financing Activities	
Acquisition of Fixed Assets	(30,858)
Net Cash Provided by Capital and Other Related Financing Activities	(30,858)
Cash Flows from Investing Activities	
Investment Income	10,068
Net Cash Provided by Investing Activities	10,068
Net Increase (Decrease) in Cash and Cash Equivalents	(133,319)
Cash and Cash Equivalents, Beginning	1,974,525
Cash and Cash Equivalents, Ending	$ 1,841,206
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Net Operating Income (Loss)	$ 598
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities:	
Depreciation	26,073
(Increase) Decrease in:	
Receivables - Net of Allowance	(59,996)
Deferred Charges and Other Assets	(339)
Increase (Decrease) in:	
Accounts Payable	(5,505)
HUD Payables	(109,528)
Compensated Absences	33,900
Deferred Credits Other Liabilities	2,268
Net Cash Used by Operating Activities	$ (112,529)

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Mansfield 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. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

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.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989 that do not conflict with GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

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

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

Cash and Cash Equivalents
The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased 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.

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

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

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 5.

NOTE 2: DEPOSITS AND INVESTMENTS

Cash

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

A. 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.

B. 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.

C. 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.

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

Deposits

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

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

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

The carrying amount of the Authority's deposits was $1,841,206 at June 30, 2004. The corresponding bank balances were $1,891,041.

The amount of $100,000 was covered by federal depository insurance and the remaining deposits were covered by collateralization held by the bank in the Authority's name as required by HUD and are Category 1 deposits.

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

Deposits (Continued)
Book balances by program at June 30, 2004 were as follows:

Public Housing	$ 70,621
Section 8 Vouchers	707,661
State/Local	1,062,924
Total	$1,841,206

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's only investments consisted of Certificates of Deposits with maturity periods of less than three months which are presented on the financial statement as cash equivalents.

NOTE 3: **CAPITAL ASSETS**

A summary of capital assets at June 30, 2004 by class is as follows:

	06/30/03	Increases	Decreases	06/30/04
Capital Assets Not Being Depreciated				
Land	$ 56,000	$ 0	$ 0	$ 56,000
Total Capital Assets Not Being Depreciated	56,000	0	0	56,000
Capital Assets Being Depreciated				
Buildings and Improvements	209,463	0	0	209,463
Vehicles	108,685	0	(9,930)	98,755
Furniture, Equipment, and Machinery - Administrative	274,183	30,858	(7,059)	297,982
Subtotal Capital Assets Being Depreciated	592,331	30,858	(16,989)	606,200
Accumulated Depreciation	(454,016)	(26,073)	16,989	(463,100)
Depreciable Assets, Net	138,315	4,785	0	143,100
Total Capital Assets, Net	$ 194,315	$ 4,785	$ 0	$ 199,100

NOTE 4: **PENSION PLAN**

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor, and death benefits, and the 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 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705.

NOTE 4: **PENSION PLAN** (Continued)

Ohio Public Employees Retirement System (Continued)
For the fiscal year ended June 30, 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries which is being paid by the Authority on behalf of the members. The Authority's contribution rate for pension benefits for 2004 was 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional plan for years ended June 30, 2004, 2003, and 2002 were $95,658, $88,406, and $83,464 respectively; 100 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the combined and member-directed plan for 2004 were $0 made by the Authority and $0 made by the plan members.

NOTE 5: **POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System
OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care, based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the System's latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, NOTE 5: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (Continued)
annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care premiums were assumed to increase 4.0 percent annually.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2004 which were used to fund postemployment benefits were $35,298. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS' net assets available for OPEB at December 31, 2003 was $10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $18.7 billion and $8.7 billion, respectively.

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

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

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

NOTE 6: **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.

NOTE 6: **COMPENSATED ABSENCES** (Continued)

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 two hundred forty hours, one-fourth of unused sick leave in excess of two hundred forty 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 or 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 probably that the conditions for compensation will be met in the future.

The estimated liability for compensated absences is $293,944 for Section 8.

NOTE 7: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

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

NOTE 8: **INSURANCE COVERAGE**

The Authority is covered for property damage, general liability, automobile liability, lead based paint liability, and other crime liabilities through various insurance companies. Deductibles and coverage limits are summarized below:

	Deductible	Coverage Limits
Property	$ 500	$ 660,000 (per location)
General Liability	0	$1,000,000/2,000,000
Automobile	250/500	$ 1,000,000
Employee Dishonesty	0	$ 50,000
Lead Based Paint Liability	5,000	$1,000,000/5,000,000
Public Officials	2,500	$ 2,000,000

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

NOTE 9: **CONTINGENCIES**

The Authority has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 10: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material operating lease commitments or material capital or construction commitments at June 30, 2004.

Mansfield Metropolitan Housing Authority
Supplemental Financial Data Schedule
Statement of Net Assets by Program
As of June 30, 2004

Line Item No.	Account Description	N/C S/R Section 8 Programs	Housing Choice Vouchers	State/Local	Total
ASSETS					
Current Assets					
111	Cash - Unrestricted	$70,621	$53,014	$7,954	$131,589
100	Total Cash	70,621	53,014	7,954	131,589
125	Accounts Receivable - Miscellaneous	0	19,285	72,000	91,285
126.2	Allowance for Doubtful Accounts - Other	0	0	0	0
128	Fraud Recovery	0	18,988	0	18,988
128.1	Allowance for Doubtful Accounts - Fraud	0	0	0	0
129	Accrued Interest Receivable	0	0	146	146
120	Total Receivables, net of allowances for doubtful accounts	0	38,273	72,146	110,419
131	Investments - Unrestricted	0	654,647	1,054,970	1,709,617
142	Prepaid Expenses and Other Assets	0	4,514	0	4,514
144	Interprogram Due From	0	0	390,800	390,800
150	Total Current Assets	$70,621	$750,448	$1,525,870	$2,346,939
Non-current Assets					
161	Land	$0	$0	$56,000	$56,000
162	Buildings	0	0	126,365	126,365
164	Furniture, Equipment & Machinery - Administration	0	202,131	194,606	396,737
165	Leasehold Improvements	0	22,083	61,015	83,098
166	Accumulated Depreciation	0	(176,039)	(287,061)	(463,100)
160	Total Fixed Assets, Net of Accumulated Depreciation	0	48,175	150,925	199,100
180	Total Non-Current Assets	0	48,175	150,925	199,100
190	Total Assets	$70,621	$798,623	$1,676,795	$2,546,039
LIABILITIES					
312	Accounts Payable <= 90 Days	$0	$6,908	$0	$6,908
322	Accrued Compensated Absences - Current Portion	1,488	32,412	0	33,900
331	Accounts Payable - HUD PHA Programs	67,238	206,224	0	273,462
347	Interprogram Due To	0	390,800	0	390,800
310	Total Current Liabilities	68,726	636,344	0	705,070
354	Accrued Compensated Absences - Non Current	14,063	245,981	0	260,044
353	Noncurrent Liabilities - Other	0	18,988	0	18,988
350	Total Noncurrent Liabilities	14,063	264,969	0	279,032
300	Total Liabilities	$82,789	$901,313	$0	$984,102
NET ASSETS					
508.1	Invested in Capital Assets, Net of Related Debt	$0	$48,175	$150,925	$199,100
511.1	Restricted Net Assets	$0	$0	$0	$0
512.1	Unrestricted Net Assets	($12,168)	($150,865)	$1,525,870	$1,362,837
513	Total Net Assets	($12,168)	($102,690)	$1,676,795	$1,561,937
600	Total Liabilities and Net Assets	$70,621	$798,623	$1,676,795	$2,546,039

NOTE: For the basic financial statement presentation, interprogram balances are eliminated.

Mansfield Metropolitan Housing Authority
Supplemental Financial Data Schedule
Statement of Revenues, Expenses and Changes in Net Assets by Program
As of June 30, 2004

Line Item No.	Account Description	N/C S/R Section 8 Programs	Housing Choice Vouchers	State/Local	Total
REVENUES					
705	Total Tenant Revenue	$0	$0	$0	$0
706	HUD PHA Operating Grants	481,411	6,614,592	0	7,096,003
711	Investment Income - Unrestricted	312	1,531	8,225	10,068
714	Fraud Recovery	0	5,074	0	5,074
715	Other Revenue	0	0	460,167	460,167
700	Total Revenues	$481,723	$6,621,197	$468,392	$7,571,312
EXPENSES					
911	Administrative Salaries	$23,443	$510,563	$175,652	$709,658
912	Auditing Fees	700	5,884	0	6,584
914	Compensated Absences	1,488	32,412	0	33,900
915	Employee Benefit Contributions - Administrative	7,648	166,571	70,261	244,480
916	Other Operating - Administrative	6,954	151,437	67,067	225,458
942	Ordinary Maintenance and Operations - Materials and Other	1,149	25,032	6,387	32,568
961	Insurance Premiums	1,015	22,096	0	23,111
969	Total Operating Expenses	42,397	913,995	319,367	1,275,759
970	Excess Operating Revenue over Operating Expenses	439,326	5,707,202	149,025	6,295,553
973	Housing Assistance Payments	447,075	5,811,739	0	6,258,814
974	Depreciation Expense	0	17,810	8,263	26,073
900	Total Expenses	$489,472	$6,743,544	$327,630	$7,560,646
1010	Total Other Financing Sources (Uses)	$0	$0	$0	$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	($7,749)	($122,347)	$140,762	$10,666
1102	Debt Principal Payments - Enterprise Funds	$0	$0	$0	$0
1103	Beginning Equity	($4,337)	$19,657	$1,536,033	$1,551,353
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	($82)	$0	$0	($82)
1113	Maximum Annual Contributions Commitment (Per ACC)	$266,721	$6,403,807	$0	$6,670,528
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	$0	$0	$0	$0
1115	Contingency Reserve, ACC Program Reserve	$1,630,805	$471,428	$0	$2,102,233
1116	Total Annual Contributions Available	$1,897,526	$6,875,235	$0	$8,772,761
1120	Unit Months Available	1,512	19,656	0	21,168
1121	Number of Unit Months Leased	1,512	18,494	0	20,006

MANSFIELD METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Funds Expended
From U.S. Department of HUD		
Direct Programs		
Section 8 Programs		
Section 8 Voucher Programs:		
Housing Assistance Payments:		
Housing Choice - Vouchers	14.871	$ 6,614,592
Subtotal Section 8 Voucher Program		6,614,592
Section 8 Project Based Programs:		
Project Based - New Construction	14.182	481,411
Subtotal Section 8 Project Based Programs		481,411
Total Section 8 Programs		7,096,003
Total U.S. Department of HUD		7,096,003
TOTAL ALL PROGRAMS		$ 7,096,003

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

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

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

Board of Directors
Mansfield Metropolitan Housing Authority
Mansfield, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited the basic financial statements of the Mansfield Metropolitan Housing Authority as of and for the year ended June 30, 2003, and have issued our report thereon dated November 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

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

November 12, 2004

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

Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

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

Board of Directors
Mansfield Metropolitan Housing Authority
Mansfield, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited the compliance of the Mansfield Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133*, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Mansfield Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Mansfield Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Mansfield Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Mansfield Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

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

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

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

November 12, 2004

1. SUMMARY OF AUDITOR'S RESULTS

2004(i)	Type of Financial Statement Opinion	Unqualified
2004(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2004(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2004(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2004(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2004(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2004(v)	Type of Major Programs' Compliance Opinion	Unqualified
2004(vi)	Are there any reportable findings under .510?	No
2004(vii)	Major Programs (list): Section 8 Housing Choice - Vouchers - #14.871 Section 8 New Construction - #14.182	
2004(viii)	Dollar Threshold: Type A\B Programs	Type A: >$300,000 Type B: < all others
2004(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
FEBRUARY 15, 2005