MANSFIELD METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2006

Mary Taylor, CPA
Auditor of State

Board of Directors
Mansfield Metropolitan Housing Authority
88 West 3rd Street
P.O. Box 1029
Mansfield, Ohio 44902

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, 2005 through June 30, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 20, 2007

This Page is Intentionally Left Blank.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Statement of Net Assets	10
Statement of Revenues, Expenses, and Changes in Net Assets	11
Statement of Cash Flows - Proprietary Fund Type - Enterprise Fund	12
Notes to the Basic Financial Statements	13-21
Supplemental Data:	
Combining Balance Sheet - (FDS Schedule Format)	22
Combining Statement of Revenues, Expenses and Changes in Equity by Program - (FDS Schedule Format)	23
Schedule of Federal Awards Expenditures	24
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	25-26
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with *OMB Circular A-133*	27-28
Schedule of Findings and Questioned Costs	29

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 June 30, 2006, and for the year then ended, as listed in the foregoing 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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, based on our audit the basic financial statements present fairly, in all material respects, the financial position of the Mansfield Metropolitan Housing Authority as of June 30, 2006, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2006, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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 Mansfield Metropolitan Housing 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

December 14, 2006

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 currently known facts, please read it in conjunction with the Authority's financial statements, which begin on page 10.

Financial Highlights

- During fiscal year 2006, the Authority's net assets increased by $49,944, or 3.32 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 $1,504,496 and $1,554,440 for fiscal year 2005 and fiscal year 2006, respectively.

- The Authority's revenue decreased by $262,390, or 3.36 percent during fiscal year 2006, and was $7,807,488 and $7,545,098 for fiscal year 2005 and fiscal year 2006 respectively.

- The total expenses of the Authority decreased by $495,112, or 6.30 percent. Total expenses for fiscal year 2005 and fiscal year 2006 were $7,864,929 and $7,369,817, 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 - pages 3-9

Basic Financial Statements
Authority-Wide Financial Statements - pages 10-12
Fund Financial Statement - pages 23-24
Notes to the Basic Financial Statements - pages 13-22

Other Required Supplementary Information
Required Supplementary Information - none

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 Non-Major Funds In addition to the programs 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 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.

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 2006	FY 2005
Assets		
Current and Other Assets	$ 1,228,612	$ 1,403,746
Capital Assets	601,282	493,119
Total Assets	1,829,894	1,896,865
Liabilities		
Current Liabilities	60,337	62,047
Noncurrent Liabilities	215,117	330,322
Total Liabilities	275,454	392,369
Net Assets		
Invested in Capital Assets	601,282	493,119
Unrestricted	953,158	1,011,377
Total Net Assets	$ 1,554,440	$ 1,504,496

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

Major Factors Affecting the Statement of Net Assets

Current assets were reduced by $175,134, or 12.48 percent, while liabilities were reduced by $1,710 or 2.76 percent. Current assets, primarily cash and investments, were used to extinguish liabilities. Cash was also used towards the remodeling cost for 88 West 3rd Street office and retiring employees final benefit pay. Changes to HUD funding were also causes for the decreases.

The Capital Assets increased in 2006 the net result of $150,766 in additions or purchases and current year's depreciation totaling $42,603. Total Capital Assets have a net increase of $108,163. 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, 2005		$ 1,011,377
Results of Operations	$ 175,281	
Adjustments:		
Depreciation (1)	42,603	
Reclassification of HUD Accounts Receivable (2)	(125,337)	
Adjusted Results from Operations		92,547
Capital Expenditures		(150,766)
Unrestricted Net Assets at June 30, 2006		$ 953,158

(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 Notice PIH 2006-03 instructed housing authorities to reclassify budget authority funds disbursed differences to an "Undesignated HAP Fund" starting January 1, 2005. The $125,337 is fiscal year 2005 funds due to the Authority which will not be received.

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in 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 and compares the revenues and expenses for the current and previous fiscal year.

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

	FY 2006	FY 2005
Revenues		
HUD PHA Operating Grants/Subsidies	$ 7,105,791	$ 7,372,157
Investment Income	9,220	11,345
Loss on Disposition of Equipment	0	200
Other Revenues - Service Income	419,550	416,930
Other Revenues - Fraud Recovery	10,537	6,856
Total Revenues	7,545,098	7,807,488
Expenses		
Administrative	1,188,209	1,153,614
Maintenance	18,243	65,735
General	26,364	22,941
Housing Assistance Payments	6,094,398	6,590,934
Depreciation	42,603	31,705
Total Expenses	7,369,817	7,864,929
Change in Net Assets	$ 175,281	$ (57,441)

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

HUD PHA grants decreased primarily from the decrease in HAP due to the Authority's decrease in leasing. Fiscal year 2005 had a leasing rate of 95 percent or 19,123 unit months leased out of 20,136 available. Compared to an 87 percent rate for fiscal year 2006 or 17,732 unit months leased with 20,520 available.

The large net increase is HUD's share do to changes in classification of remaining HUD funds. $224,096 of the increase is classified "Undesignated HAP" while $48,815 went to a decrease to the Authority's funds.

Maintenance decreased due to the Architect and Engineering expenses of $35,000, which was an expense in fiscal year 2005.

Most other expenses increased nmoderately due to inflation.

Capital Assets

As of June 30, 2006, the Authority had $601,282 invested in capital assets as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation).

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

	FY 2006	FY 2005
Land	$ 86,000	$ 86,000
Buildings and Improvements	649,086	504,463
Furniture and Equipment	304,849	298,706
Vehicles	49,165	49,165
Accumulated Depreciation	(487,818)	(445,215)
Total	$ 601,282	$ 493,119

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, 2005	$ 493,119
Additions	150,766
Depreciation	(42,603)
Ending Balance, June 30, 2006	$ 601,282

The year's major additions are:	
Office building located at 88 West Third Street remodeling	$ 144,624
Peachtree Software Update	763
2 Gateway Computers	5,379

Debt Outstanding

As of June 30, 2006, 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, 2006

	Totals
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,140,024
Receivables - Net of Allowance	71,285
Deferred Charges and Other Assets	17,303
Total Current Assets	1,228,612
Noncurrent Assets	
Capital Assets:	
Nondepreciable Capital Assets	86,000
Depreciable Capital Assets, Net	515,282
Total Noncurrent Assets	601,282
TOTAL ASSETS	$ 1,829,894
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	$ 15,617
Accrued Liabilities	4,952
Accounts Payable - HUD	21,937
Accrued Compensated Absences	17,831
Total Current Liabilities	60,337
Noncurrent Liabilities	
Other Liabilities	54,635
Accrued Compensated Absences	160,482
Total Noncurrent Liabilities	215,117
Total Liabilities	275,454
Net Assets	
Invested in Capital Assets	601,282
Unrestricted Net Assets	953,158
Total Net Assets	1,554,440
TOTAL LIABILITIES AND NET ASSETS	$ 1,829,894

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, 2006

	Totals
Operating Revenue	
Program Operating Grants/Subsidies	$ 7,105,791
Other Income - Service Income	419,550
Other Income - Fraud Recovery	10,537
Total Operating Revenue	7,535,878
Operating Expenses	
Administrative	1,188,209
Maintenance	18,243
General	26,364
Housing Assistance Payments	6,094,398
Depreciation	42,603
Total Operating Expenses	7,369,817
Operating Income (Loss)	166,061
Nonoperating Revenues (Expenses)	
Interest and Investment Revenue	9,220
Total Nonoperating Revenues (Expenses)	9,220
Change in Net Assets	175,281
Prior Period Adjustments	(125,337)
Total Net Assets, Beginning Balance	1,504,496
Total Net Assets, Ending	$ 1,554,440

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, 2006

	Totals
Cash Flows from Operating Activities	
Cash Received from HUD	$ 7,112,871
Cash Received from Clients	451,580
Cash Payments for Housing Assistance Payments	(6,094,398)
Cash Payments for Administrative	(1,322,822)
Cash Payments for Other Operating Expenses	(35,782)
Net Cash (Used) by Operating Activities	(111,449)
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(150,766)
Net Cash Provided by Capital and Other Related Financing Activities	(150,766)
Cash Flows from Investing Activities	
Investment Income	9,220
Net Cash Provided by Investing Activities	9,220
Net Increase (Decrease) in Cash and Cash Equivalents	(30,097)
Cash and Cash Equivalents, Beginning	1,170,121
Cash and Cash Equivalents, Ending	$ 1,140,024
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Net Operating Income (Loss)	$ 166,061
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities:	
Depreciation	42,603
(Increase) Decrease in:	
Receivables - Net of Allowance	21,493
Deferred Charges and Other Assets	(1,793)
Increase (Decrease) in:	
Accounts Payable	10,618
HUD Payables	7,080
Compensated Absences	(125,870)
Deferred Credits Other Liabilities	(8,743)
Net Cash Used by Operating Activities	$ 111,449

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

Deposits

At fiscal year end, the carrying amount of the Authority's deposits was $1,140,024, and the bank balance was $1,296,689. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2006, $200,000 of the Authority's bank balance was covered by Federal Depository Insurance and $1,096,689 was uninsured and collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

Custodial credit risk is the risk that, in the event of 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 Authority's Board. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the ORC, is held in financial institution pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve bank in the name of the Authority.

Investments

The Authority has a formal investment policy; however, the Authority held no investments at June 30, 2006.

Interest Rate Risk

As a means of limiting its exposure to fair market value losses arising from rising interest rates and according to state law, the Authority's investment policy limits investment portfolio maturities to two years or less. The Authority's investment portfolio is structured so that securities mature to meet cash requirements for ongoing operations. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

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

Custodial Credit Risk

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

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

Concentration of Credit Risk

The Authority places no limit on the amount that may be invested to any one issuer. Deposits at June 30, 2006 were as follows:

		Investment Maturities	
	Fair Value	< 1 Year	1-2 Years
Carrying Amount of Deposits	$ 1,140,024	$ 1,140,024	$ 0
Totals	$ 1,140,024	$ 1,140,024	$ 0

NOTE 3: **CAPITAL ASSETS**

A summary of capital assets at June 30, 2006 by class is as follows:

	06/30/05	Additions	Disposals	06/30/06
Capital Assets Not Being Depreciated				
Land	$ 86,000	$ 0	$ 0	$ 86,000
Total Capital Assets Not Being Depreciated	86,000	0	0	86,000
Capital Assets Being Depreciated				
Buildings and Improvements	504,462	144,624	0	649,086
Vehicles	49,165	0	0	49,165
Furniture, Equipment, and Machinery - Administrative	298,707	6,142	0	304,849
Subtotal Capital Assets Being Depreciated	852,334	150,766	0	1,003,100
Accumulated Depreciation	(445,215)	(42,603)	0	(487,818)
Depreciable Assets, Net	407,119	108,163	0	515,282
Total Capital Assets, Net	$ 493,119	$ 108,163	$ 0	$ 601,282

NOTE 4: **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 tradition plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

Ohio Public Employees Retirement System (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 1-800-222-7377.

For the period ended June 30, 2006, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries (9 percent effective January 1, 2006). The Authority's contribution rate for pension benefits for 2006 was 9.55 percent of covered payroll (9.7 percent effective January 1, 2006). The Ohio Revised Code provides statutory authority for member and employer contributions.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2006, 2005 and 2004 were $66,960, $67,045, and $66,861 respectively; 100 percent has been contributed for 2006, 2005, and 2004.

NOTE 5: **POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System
The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available with both the Traditional and the Combined plan; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.55 percent of covered payroll (13.70 percent effective January 1, 2006); 4.00 percent of covered payroll was the portion that was used to fund health care.

NOTE 5: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (Continued)
Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually.

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

At December 31, 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. Actual employer contributions for 2006 which were used to fund postemployment benefits were $28,697. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2004, (the latest information available) were $10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $29.5 billion and $18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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.

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, 2006 is $178,313.

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	$ 1,163,000 (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	$ 1,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with 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, 2006.

NOTE 11: PRIOR PERIOD ADJUSTMENTS

HUD Note PIH 2006-03 instructed Housing Authorities to reclassify budget authority funds disbursement differences to an undesignated HAP fund equity account. The Authority therefore reclassified the HUD receivable of $125,337 to the HAP Fund equity which causes a reduction to equity of this amount.

MANSFIELD METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS BY PROGRAM
AS OF JUNE 30, 2006

Line Item No.	Account Description	N/C S/R Section 8 Programs	Housing Choice Vouchers	State/Local	Total
ASSETS					
Current Assets:					
111	Cash - Unrestricted	$19,323	$14,863	$471	$34,657
100	Total Cash	$19,323	$14,863	$471	$34,657
125	Accounts Receivable - Miscellaneous	$0	$9,748	$0	$9,748
126.2	Allowance for Doubtful Accounts - Other	$0	$0	$0	$0
128	Fraud Recovery	$0	$54,635	$0	$54,635
128.1	Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0
129	Accrued Interest Receivable	$0	$0	$6,902	$6,902
120	Total Receivables, net of allowances for doubtful accounts	$0	$64,383	$6,902	$71,285
131	Investments - Unrestricted	$0	$27,987	$1,077,380	$1,105,367
142	Prepaid Expenses and Other Assets	$0	$17,303	$0	$17,303
144	Interprogram Due From	$0	$97,928	$0	$97,928
150	**Total Current Assets**	$19,323	$222,464	$1,084,753	$1,326,540
Noncurrent Assets					
161	Land	$0	$0	$86,000	$86,000
162	Buildings	$0	$0	$421,365	$421,365
164	Furniture, Equipment & Machinery - Administration	$0	$208,998	$145,016	$354,014
165	Leasehold Improvements	$0	$22,082	$205,639	$227,721
166	Accumulated Depreciation	$0	($209,906)	($277,912)	($487,818)
160	Total Fixed Assets, Net of Accumulated Depreciation	$0	$21,174	$580,108	$601,282
180	Total Non-Current Assets	$0	$21,174	$580,108	$601,282
190	**Total Assets**	$19,323	$243,638	$1,664,861	$1,927,822

LIABILITIES

312	Accounts Payable <= 90 Days	$0	$15,617	$0	$15,617
321	Accrued Wage/Payroll Taxes Payable	$0	$4,952	$0	$4,952
322	Accrued Compensated Absences - Current Portion	$1,045	$16,786	$0	$17,831
331	Accounts Payable - HUD PHA Programs	$21,937	$0	$0	$21,937
347	Interprogram Due To	$0	$0	$97,928	$97,928
310	Total Current Liabilities	$22,982	$37,355	$97,928	$158,265
354	Accrued Compensated Absences - Non Current	$9,400	$151,082	$0	$160,482
353	Noncurrent Liabilities - Other	$0	$54,635	$0	$54,635
350	Total Noncurrent Liabilities	$9,400	$205,717	$0	$215,117
300	**Total Liabilities**	$32,382	$243,072	$97,928	$373,382
NET ASSETS					
508	Total Contributed Capital	$0	$0	$0	$0
508.1	Invested in Capital Assets, Net of Related Debt	$0	$21,174	$580,108	$601,282
511	Total Reserved Fund Balance	$0	$0	$0	$0
511.1	Restricted Net Assets	$0	$0	$0	$0
512.1	Unrestricted Net Assets	($13,059)	($20,608)	$986,825	$953,158
513	Total Equity/Net Assets	($13,059)	$566	$1,566,933	$1,554,440
600	**Total Liabilities and Equity/Net Assets**	$19,323	$243,638	$1,664,861	$1,927,822

MANSFIELD METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
STATEMENT OF NET ASSETS BY PROGRAM
AS OF JUNE 30, 2006

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	$464,012	$6,641,779	$0	$7,105,791
711	Investment Income - Unrestricted	$55	$728	$8,437	$9,220
714	Fraud Recovery	$0	$10,537	$0	$10,537
715	Other Revenue	$0	$0	$419,550	$419,550
700	**Total Revenue**	$464,067	$6,653,044	$427,987	$7,545,098
EXPENSES					
911	Administrative Salaries	$25,278	$545,321	$243,339	$813,938
912	Auditing Fees	$850	$6,287	$2,500	$9,637
914	Compensated Absences	($5,576)	($120,294)	$0	($125,870)
915	Employee Benefit Contributions - Administrative	$8,470	$182,735	$104,888	$296,093
916	Other Operating - Administrative	$4,198	$41,999	$148,214	$194,411
942	Ordinary Maintenance and Operations - Materials and Other	$436	$9,416	$8,391	$18,243
961	Insurance Premiums	$1,168	$25,196	$0	$26,364
969	**Total Operating Expenses**	$34,824	$690,660	$507,332	$1,232,816
970	Excess Operating Revenue over Operating Expenses	$429,243	$5,962,384	($79,345)	$6,312,282
973	Housing Assistance Payments	$428,378	$5,666,020	$0	$6,094,398
974	Depreciation Expense	$0	$16,308	$26,295	$42,603
900	**Total Expenses**	$463,202	$6,372,988	$533,627	$7,369,817
1010	Total Other Financing Sources (Uses)	$0	$0	$0	$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	$865	$280,056	($105,640)	$175,281
1102	Debt Principal Payments - Enterprise Funds	$0	$0	$0	$0
1103	Beginning Equity	($13,924)	($154,153)	$1,672,573	$1,504,496
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	($125,337)	$0	($125,337)
1113	Maximum Annual Contributions Commitment (Per ACC)	$233,173	$6,641,779	$0	$6,874,952
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	$0	$0	$0	$0
1115	Contingency Reserve, ACC Program Reserve	$1,073,352	$0	$0	$1,073,352
1116	Total Annual Contributions Available	$1,306,525	$6,641,779	$0	$7,948,304
1120	Unit Months Available	1,516	20,520	0	22,036
1121	Number of Unit Months Leased	1,516	17,732	0	19,248

MANSFIELD METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

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	$ 6,641,779
Subtotal Section 8 Voucher Program		6,641,779
Section 8 Project Based Programs:		
Project Based - New Construction	14.182	464,012
Subtotal Section 8 Project Based Programs		464,012
Total Section 8 Programs		7,105,791
Total U.S. Department of HUD		7,105,791
TOTAL ALL PROGRAMS		$ 7,105,791

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

Board of Directors
Mansfield Metropolitan Housing Authority
Mansfield, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the financial statements of the business-type activities of the Mansfield Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2006, which collectively comprise the Mansfield Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated December 14, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mansfield Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 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 caused by error or fraud 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.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and Federal Awarding 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

December 14, 2006

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

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

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

Board of Directors
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, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended June 30, 2006. Mansfield Metropolitan Housing Authority, Ohio'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, Ohio'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, Ohio'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, Ohio's compliance with those requirements.

In our opinion, Mansfield Metropolitan Housing Authority, Ohio, 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, 2006.

Internal Control Over Compliance

The management of the Mansfield Metropolitan Housing Authority, Ohio, 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, Ohio'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 reportable 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 caused by error or fraud 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 14, 2006

MANSFIELD METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
JUNE 30, 2006

1. SUMMARY OF AUDITOR'S RESULTS

2006(i)	Type of Financial Statement Opinion	Unqualified
2006(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2006(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2006(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2006(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2006(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2006(v)	Type of Major Programs' Compliance Opinion	Unqualified
2006(vi)	Are there any reportable findings under .510?	No
2006(vii)	Major Programs (list): Section 8 Housing Choice - Vouchers - #14.871	
2006(viii)	Dollar Threshold: Type A\B Programs	Type A: >$300,000 Type B: < all others
2006(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.

Mary Taylor, CPA
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
MARCH 6, 2007

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us