

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
MEDINA METROPOLITAN HOUSING AUTHORITY
JULY 1, 2012 – JUNE 30, 2013





Dave Yost • Auditor of State

Board of Commissioners
Medina Metropolitan Housing Authority
850 Walter Road
Medina, Ohio 44256-1515

We have reviewed the *Independent Auditor's Report* of the Medina Metropolitan Housing Authority, Medina County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 23, 2014

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256-1515

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Medina Metropolitan Housing Authority, Medina County, Ohio (the Authority), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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Newark, Ohio 43055

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Medina Metropolitan Housing Authority
Board of Commissioners
Independent Auditor's Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Medina Metropolitan Housing Authority, Medina County, Ohio, as of June 30, 2013, and the changes in financial position and cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Financial Data Schedules are presented for purpose of additional analysis as required by the Department of Housing and Urban Development, and are not a required part of the basic financial statements.

The Federal Awards Expenditures Schedule also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Medina Metropolitan Housing Authority
Board of Commissioners
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 20, 2013

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Medina 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, 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's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 12).

Financial Highlights

- The Authority's net position decreased by \$746,382 during the fiscal year 2013. Net position was \$7,674,507 at fiscal year-end 2013 and \$8,420,889 as restated for fiscal year end 2012.
- Revenues increased by \$255,556 during fiscal year 2013, and were \$6,083,311 and \$5,827,755 for 2013 and 2012 respectively.
- The total expenses of the Authority programs increased by \$825,340. Total expenses were \$6,829,693 for fiscal year 2013 and \$6,004,353 as restated for fiscal year 2012.

Overview of the Financial Statements

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the basic financial statements for a summary of the Authority's significant accounting policies and practices.

USING THIS REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)," "Basic Financial Statements," and "Other Required Supplementary Information". 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 (see pages 12-14) are designed to be corporate-like in that all business type activities are consolidated into a column which represents the total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position." Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current."

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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The focus of the Statement of Net Position (the Unrestricted Net Position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all capital assets, net of accumulated depreciation, 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: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, the Authority's Board of Commissioners, etc.

Unrestricted: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets," or "Restricted."

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

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

Finally, a Statement of Cash Flows is included which discloses net cash provided by, or used for, operating activities, investing activities, capital and related financing activities, and non-cash investing, capital and financing activities.

THE AUTHORITY'S PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program – The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's Public Housing property. Separate ACC's are executed for this annual allotment of funding. Modernization affected under these grants include renovated apartments, improved energy efficiencies, and updated common spaces at the Authority – owned Public Housing property.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) 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 contracts that set the families' rent at 30% of household income.

Shelter Plus Care Program – The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Business Activities – This represents non-HUD resources developed from a variety of activities. These include:

Leases – The Authority leases residential property from two different entities: the Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC). The housing units are then sublet to eligible households consistent with the Authority's mission. The fee income and operating expenses for those services are noted in the Statement of Revenues, Expenses, and Changes in Net Position.

Service Contracts – The Authority provides property management services for three properties owned by the Medina County ADAMH Board. The properties provide housing to persons with severe mental illness. The Authority also administers several programs for the ADAMH Board; each program provides affordable housing services for persons with low to moderate income that have been diagnosed with severe mental illness. The fee income and operating expenses for those services are noted in the Statement of Revenues, Expenses, and Changes in Net Position.

Grants

The Authority administers two state grants and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis. The fee income and operating expenses for services are noted in the Statement of Revenues, Expenses, and Changes in Net Position.

Interest Income

The Authority manages its surplus cash in compliance with HUD and State guidelines. The Authority generates interest income from the investment of surplus cash. Interest income is also derived from allowable forms of investment, including loans to affiliated organizations, which furthers the development of housing. The loans are secured by notes and mortgages.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Other Rental Units

Wadsworth Villas - The Authority constructed a new five unit, non-subsidized housing development in this fiscal year named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

Board of Developmental Disabilities – During fiscal year 2012, the Authority concluded a grant/loan agreement with the Medina County Board of Developmental Disabilities (MCBODD) which enabled the Authority to acquire a wheelchair accessible, single family home. The home will be rented to MCBODD eligible clients who also meet the low to moderate income levels. The Authority retains all rights to terminate leases should situations warrant such action. Financing for the acquisition of this home included a grant, secured with a lien to MCBODD governing the use of the home, from MCBODD as well as some Authority funds. The Authority funds are being paid back from operating proceeds.

AUTHORITY-WIDE STATEMENTS

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

Table 1 - Condensed Statement of Net Position Compared to Prior Fiscal Year

	<u>2013</u>	(Restated) <u>2012</u>
Current and Other Noncurrent Assets	\$ 6,200,935	\$ 7,117,280
Capital Assets, Net	<u>2,456,352</u>	<u>2,420,007</u>
Total Assets	<u>\$ 8,657,287</u>	<u>\$ 9,537,287</u>
Current Liabilities	\$ 341,268	\$ 340,692
Long-Term Liabilities	<u>641,512</u>	<u>775,704</u>
Total Liabilities	<u>982,780</u>	<u>1,116,398</u>
Net Position:		
Net Investment in Capital Assets	2,043,463	2,007,118
Restricted	1,232,265	1,857,076
Unrestricted	<u>4,398,779</u>	<u>4,556,695</u>
Total Net Position	<u>7,674,507</u>	<u>8,420,889</u>
Total Liabilities and Net Position	<u>\$ 8,657,287</u>	<u>\$ 9,537,287</u>

For more detailed information see Statement of Net Position presented on page 12 of this report.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Major Factors Affecting the Statement of Net Position

Total current and other noncurrent assets decreased \$916,345 from fiscal year 2012 to 2013. The decrease in assets was due mainly to decreases in notes receivable.

Total liabilities decreased \$133,618 due to decrease in loan liabilities.

Capital assets net of accumulated depreciation increased \$36,345 due to the excess of the current fiscal year depreciation over acquisitions for the fiscal year 2013.

Table 2 presents details on the change in Unrestricted Net Position, Net Investment in Capital Assets, and Restricted Net Position.

Table 2 – Change in Net Position

	<u>Unrestricted</u>	Net Inv in <u>C/A</u>	<u>Restricted</u>
Beginning Net Position, Restated	\$ 4,556,695	\$ 2,007,118	\$ 1,857,076
Results from Operations	(121,571)	-	(624,811)
Adjustments:			
Current Fiscal Year Depreciation Expense	164,648	(164,648)	-
Current Fiscal Year Capital Expenses	(200,993)	200,993	-
Ending Net Position	\$ <u>4,398,779</u>	\$ <u>2,043,463</u>	\$ <u>1,232,265</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Position provides a clearer change in financial well-being.

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

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

Table 3 - Statement of Revenues, Expenses & Changes in Net Position

	<u>2013</u>	(Restated) <u>2012</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,813,295	\$ 1,782,279
Operating Subsidies Grants	3,595,304	3,598,597
Capital Grants	33,855	64,133
Investment Revenue	89,717	86,978
Gain on the Sale of Capital Asset	-	5,180
Other Revenue	551,140	290,588
Total Revenues	<u>6,083,311</u>	<u>5,827,755</u>
<u>Expenses</u>		
Administrative	1,103,689	1,165,351
Tenant Services	30,376	956
Utilities	266,442	284,209
Maintenance	553,006	559,458
General Expenses	1,741,906	826,710
Housing Assistance Payments	2,962,527	3,001,188
Interest Expense	7,099	929
Depreciation	164,648	165,552
Total Expenses	<u>6,829,693</u>	<u>6,004,353</u>
Change in Net Position	(746,382)	(176,598)
Total Beginning Net Position	<u>8,420,889</u>	<u>8,597,487</u>
Total Ending Net Position	<u>\$ 7,674,507</u>	<u>\$ 8,420,889</u>

Major Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Position

Total revenue increased \$255,556 in comparison with last fiscal year. The increase was mainly in Other Revenue due to developer fees outlined in the Wadsworth Tower agreement earned by the Authority during fiscal year 2013.

Total expenses increased \$825,340. The increase in expenses is mainly due to Wadsworth Tower rehabilitation expenses incurred during the fiscal year 2013 which are reported under general expenses. Based on arrangements related to Wadsworth Tower, the expenses are incurred by the Authority and paid from tenant rental revenue; the capital assets related to these expenses are reported by Wadsworth Housing Development Corporation.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year-end 2013, the Authority had \$2,456,352 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions, and depreciation) of \$36,345 from the end of last fiscal year.

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2013</u>	<u>2012</u>
Land	\$ 262,076	\$ 262,076
Building & Improvements	4,355,137	4,217,633
Equipment	980,302	916,813
Accumulated Depreciation	<u>(3,141,163)</u>	<u>(2,976,515)</u>
Total	<u>\$ 2,456,352</u>	<u>\$ 2,420,007</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Table 4 above. More detail over Capital Assets can be found in Note 8 in the Notes to the Basic Financial Statements.

Table 5 - Change in Capital Assets

Beginning Balance, July 1, 2012	\$ 2,420,007
Current year purchases	200,993
Less Depreciation Expense	<u>(164,648)</u>
Ending Balance, June 30, 2013	<u>\$ 2,456,352</u>

Current year purchases are summarized as follows:

- Building Purchases	\$ 126,014
- Leasehold Improvements	11,490
- Dwelling Equipment	30,765
- Administrative Equipment	<u>32,724</u>
Total Current Additions	<u>\$ 200,993</u>

The Authority had no disposals reported for fiscal year 2013.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Debt Outstanding

The following is a summary of the change in outstanding debt:

Table 6 - Condensed Statement of Changes in Debt Outstanding

	<u>2013</u>	<u>(Restated)</u> <u>2012</u>
Beginning Balance, July 1	\$ 660,993	\$ 640,484
Loan from Ohio Housing Finance Agency	-	30,250
Current Year Debt Retired	<u>(9,741)</u>	<u>(9,741)</u>
Ending Balance, June 30	<u>\$ 651,252</u>	<u>\$ 660,993</u>

More information over Debt can be found in Note 10 in the Notes to the Basic Financial Statements.

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, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program.
- Inflationary pressure on utility rates, supplies and other costs.
- Decreased rates of return on investments which affect investment income.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Skip Sipos, Executive Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Sipos' attention at 850 Walter Road; Medina, Ohio 44256-1515 or skip@mmha.org. His telephone number is 330-725-7531.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013**

Assets

Current Assets:

Cash and Cash Equivalents	\$	1,070,974
Restricted Cash and Cash Equivalents		1,353,456
Receivable, Net		147,016
Prepaid Items		<u>83,093</u>
Total Current Assets		<u>2,654,539</u>

Non-Current Assets:

Capital Assets:

Land		262,076
Buildings, Equipment, and Leasehold Improvements		5,335,439
Less: Accumulated Depreciation		<u>(3,141,163)</u>
Capital Assets, Net		<u>2,456,352</u>
Other Noncurrent Assets		<u>3,546,396</u>
Total Noncurrent Assets		<u>6,002,748</u>

Total Assets

8,657,287

Liabilities

Current Liabilities:

Accounts Payable		56,867
Accrued Wages and Benefits		53,971
Accrued Interest Payable		15,674
Accrued Compensated Absences		55,155
Intergovernmental Payable		20,759
Tenant Security Deposits		121,121
Unearned Revenue		7,981
Current Portion of Loan Liability		<u>9,740</u>
Total Current Liabilities		<u>341,268</u>

Non-Current Liabilities:

Loan Liability - Noncurrent		<u>641,512</u>
Total Non-Current Liabilities		<u>641,512</u>

Total Liabilities

982,780

Net Position

Net Investment in Capital Assets		2,043,463
Restricted		1,232,265
Unrestricted		<u>4,398,779</u>

Total Net Position

\$ 7,674,507

The notes to the basic financial statements are an integral part of the statements.

MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating Revenues		
Tenant Revenue		\$ 1,813,295
Government Operating Grants		3,595,304
Other Revenues		<u>551,140</u>
Total Operating Revenues		<u>5,959,739</u>
Operating Expenses		
Administrative	\$ 1,103,689	
Tenant Services	30,376	
Utilities	266,442	
Maintenance	553,006	
General	1,741,906	
Housing Assistance Payments	2,962,527	
Depreciation	<u>164,648</u>	
Total Operating Expenses		<u>6,822,594</u>
Operating Loss		<u>(862,855)</u>
Nonoperating Revenues (Expenses)		
Interest and Investment Revenue		89,717
Capital Grants		33,855
Interest Expense		<u>(7,099)</u>
Total Nonoperating Revenues (Expenses)		<u>116,473</u>
Change in Net Position		(746,382)
Net Position at July 1, 2012, restated		<u>8,420,889</u>
Net Position at June 30, 2013		<u>\$ 7,674,507</u>

The notes to the basic financial statements are an integral part of this statement.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Cash flows from operating activities:

Operating Grants Received	\$ 3,594,439
Tenant Revenue Received	1,800,320
Other Revenue Received	546,419
General and Administrative Expenses Paid	(3,352,206)
Housing Assistance Payments	<u>(2,962,527)</u>
Net cash used by operating activities	<u>(373,555)</u>

Cash flows from investing activities:

Interest and Investment Revenue	89,717
Accrued Interest on BHDC Loan	(220,000)
Notes Receivable Issued to BHDC	(564,730)
Repayment of Notes Receivable by BHDC	<u>1,098,795</u>
Net cash provided by investing activities	<u>403,782</u>

Cash flows from capital and related financing activities:

Capital Grants Revenues	23,389
Payment of Interest	(7,099)
Purchase of Capital Assets	<u>(200,993)</u>
Net cash used by capital and related financing activities	<u>(184,703)</u>
Net change in cash and cash equivalents	(154,476)
Cash and cash equivalents at July 1, 2012	<u>2,578,906</u>
Cash and cash equivalents at June 30, 2013	<u>\$ 2,424,430</u>

Reconciliation of operating loss to net cash used by operating activities:

Operating Loss	\$ (862,855)
Adjustments To Reconcile Operating Loss To Net Cash Used By Operating Activities:	
Depreciation	164,648
Changes In Assets And Liabilities:	
Accounts Receivable	434,056
Prepaid Items	(311)
Accounts Payable	65,033
Accrued Liabilities Payable	(26,444)
Intergovernmental Payable	3,000
Tenant Security Deposits	(198)
Unearned Revenue	1,640
Other Current Liabilities	(1,699)
Noncurrent Liabilities	<u>(150,425)</u>
Net cash used by operating activities	<u>\$ (373,555)</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

During fiscal year 2013, the Authority amortized \$9,741 of the outstanding loan liability balance.

The notes to the basic financial statements are an integral part of this statement.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) and other outside entities to provide safe and sanitary housing for people in low to moderate income brackets.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*," in that the statements include all organizations, activities, functions and component units for which the Authority (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the Authority's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the Authority's reporting entity.

Description of Programs

The following are the various programs which are included in the single enterprise fund:

- A. Public Housing Program** - The public housing program is designed to provide low-cost housing within Medina County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.
- B. Capital Fund Program** - The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities for the Public Housing program, including modernization.
- C. Housing Choice Voucher Program** - The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.
- D. Shelter Plus Care Program** - The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.
- E. State and Local Grants** - The Authority administers two state grants and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis.
- F. Business Activity** - The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the various properties and programs managed by the Authority that are separate from annual contribution contracts with HUD.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Accounting/Financial Reporting Entity

The Authority's basic financial statements consist of a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. It uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

Accounting and Reporting for Nonexchange Transactions

The Authority accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal year.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics (vacation) are accrued as a liability based on the leave accumulated at the statement of net position date by those employees who currently are eligible pursuant to Agency policy or the collective bargaining agreement to receive payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a payment. All employees who meet the eligibility criteria pursuant to Agency policy or the collective bargaining agreement 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.
- 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Property and Equipment

Property and equipment is stated at cost. Renewals and betterments are capitalized. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of six months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

Restricted Cash and Investments

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balance of \$237,189, \$121,121 for Tenant Security Deposits, \$70 related to amounts owed to HUD for the Housing Choice Voucher Program, and \$995,076 for amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

Reserves for Replacements- Money set aside each month to cover the cost for property repairs and replacements.

Surplus Fund- The surplus fund is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the surplus fund may be used for any purpose with the agreement of both parties to the lease.

Taxes and Insurance Fund- Funds set aside to cover the cost of taxes and insurance.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes amounts due from tenants, amounts identified for fraud recovery, accrued interest on certificates of deposits, and other revenue sources. Management considers all accounts receivable (excluding fraud recovery and tenant accounts receivable) to be collected in full. At June 30, 2013, allowance for doubtful accounts in tenant accounts receivable was \$25,120 and \$5,712 in fraud recovery accounts receivable.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Actual results could vary from those estimates.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The amount reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation that can only be used for specific purposes. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted net position.

Income Taxes

No provision for income taxes is recorded as the Authority is a political subdivision of that state of Ohio and is exempt from all income taxes.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, fees, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

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

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

Inactive deposits are public deposits 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 2 – DEPOSITS AND INVESTMENTS - continued

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

Protection of the Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end June 30, 2013, the carrying balance was \$2,424,430 and the bank balance was \$2,494,817. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2013, \$1,994,817 was exposed to custodial risk as discussed below, while \$500,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. 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 the Ohio Revised Code, is held in single financial institution collateral pools at the 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.

The Authority had \$50,154 in certificates of deposit at June 30, 2013. Deposits in Money Market accounts related to lease agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development totaling \$0 at June 30, 2013. The amount held in certificates of deposit is part of the bank balance and is reported as cash and cash equivalents.

Based on the Authority having only demand deposits at June 30, 2013, the Authority is not subject to interest rate, credit concentration, or custodial credit risk.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the Internal Revenue Service ruling 501(c) (3). Both entities operate autonomously and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. The BHDC owns Southwick Place, Jefferson Place, New Manhattan Place, and Home Place. Southwick Place, Jefferson Place, and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a combination of leased to own and scattered site-rental single family units located in Medina County.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 3 – RELATED PARTY TRANSACTIONS – continued

Medina Metropolitan Housing Authority has entered into a lease agreement with both non-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The non-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has provided a guarantee to First Merit Bank on a \$500,000 BHDC line of credit in the form of pledged collateral of a Housing Authority mortgage note.

Medina Metropolitan Housing Authority has entered into a promissory note on February 2, 2013 with BHDC on a \$564,730 loan with a 2% per annum interest rate. Interest only payment in the amount of \$941.22 are paid monthly for the Manhattan Place. This was a refinance of a previous loan between the Authority and BHDC for the Manhattan Place. The details of these loans are listed in Note 4, below.

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in Note 4, below.

The Authority has promissory notes outstanding with Wadsworth Housing Development Corporation and Medina County Board of Developmental Disabilities. The details of these promissory notes are listed in Note 10.

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 4 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2013:

Brunswick Housing Development Corporation (BHDC):

Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum, to be received by the Authority as the income and cash flow of BHDC permits, with the entire remaining outstanding balance payable to the Authority; secured by an open end Mortgage on Southwick Place property. \$2,220,000

Mortgage note receivable Brunswick Housing Development Corporation for \$564,730 with interest at 2% per annum; interest only monthly payments in the amount of \$941.22 is due with a balloon payment for the principal on February 2020; secured by New Manhattan Place property. 564,730

Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$1,338 with a final balloon payment February 2014 on which date the balance of principal and interest shall be payable; secured by New Jefferson Place. 271,666

Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$50 with a final balloon payment March 2014 on which date the balance of principal and interest shall be payable; secured by property at 515 Bronson. 50,000

Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$150 with a final balloon payment January 2017 on which date the balance of principal and interest shall be payable; secured by property at 140A Ivy Hill, 235B Canterbury and 600C Canterbury. 90,000

Note receivable from Brunswick Housing Development Corporation with interest at 4% per annum; payable in interest only payments of \$1,167 per month beginning on January 1, 2010 and ending with a final balloon payment December 1, 2019 on which date the balance of principal and interest shall be payable. 350,000

Total Notes Receivable \$3,546,396

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
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(CONTINUED)**

NOTE 5 – INSURANCE COVERAGE

As of June 30, 2013, the Authority had general liability insurance limits of \$2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$2,000,000 per loss and in the aggregate; vehicle liability coverage of \$2,000,000; and real and personal property coverage of \$250,000,000 per occurrence. Insurance settlements have not exceeded available coverage limits during each of the fiscal years ended June 30, 2013, 2012, and 2011.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Authority and covered employees contribute at actuarially determined rates for fiscal year 2013, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the years ended June 30, 2013, 2012, and 2011 were \$112,592, \$122,175, and \$120,803, respectively which were equal to the required contributions for each year. The employees' contributions to OPERS for June 30, 2013, 2012, 2011 were \$66,172, \$87,268, and \$86,288. Required contributions are equal to 100% of the dollar amount billed. The Board of the Authority has elected to pay certain employees' portion of OPERS which totaled \$14,250 for fiscal year 2013.

**MEDINA METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7 – POSTEMPLOYMENT BENEFITS

In order to qualify for post-retirement health care coverage, age-and service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Retirement Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 4.0% during calendar year 2012 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contributions made to fund post-employment benefits for fiscal year 2013 were approximately \$32,168.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions towards the health care fund after the end of the transition period.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 8 – CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2013:

	<u>Balance 6/30/2012</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2013</u>
Capital Assets Not Depreciated				
Land	\$ 262,076	\$ -	\$ -	\$ 262,076
Capital Assets Depreciated				
Building	3,959,120	126,014	-	4,085,134
Furniture, Mach & Equipment	916,813	63,489	-	980,302
Leasehold Improvement	258,513	11,490	-	270,003
Total Capital Assets Depreciated	<u>5,134,446</u>	<u>200,993</u>	<u>-</u>	<u>5,335,439</u>
Accumulated Depreciation				
Building	(2,175,988)	(73,327)	-	(2,249,315)
Furniture, Machinery & Equipment	(716,415)	(72,888)	-	(789,303)
Leasehold Improvement	(84,112)	(18,433)	-	(102,545)
Total Accumulated Depreciation	<u>(2,976,515)</u>	<u>(164,648)</u>	<u>-</u>	<u>(3,141,163)</u>
Total Capital Assets Depreciated, Net	<u>2,157,931</u>	<u>36,345</u>	<u>-</u>	<u>2,194,276</u>
Total Capital Assets, Net	<u>\$ 2,420,007</u>	<u>\$ 36,345</u>	<u>\$ -</u>	<u>\$ 2,456,352</u>

NOTE 9 – COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of June 30, 2013, the accrual for compensated absences totaled \$55,155 and has been included in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as due within one year.

NOTE 10 – LONG-TERM DEBT

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended June 30, 2013:

<u>Description</u>	(Restated)			<u>Balance 06/30/13</u>	<u>Due Within One Year</u>
	<u>Balance 06/30/12</u>	<u>Additions</u>	<u>Deletions</u>		
Promissory Note – WHDC	\$238,364	\$ 0	\$ 0	\$238,364	\$ 0
Promissory Note - MCBDD	120,129	0	9,741	110,388	9,740
Promissory Note – OHFA	302,500	0	0	302,500	0
Total Promissory Notes	<u>660,993</u>	<u>0</u>	<u>9,741</u>	<u>651,252</u>	<u>9,740</u>
Compensated Absence Payable	<u>57,691</u>	<u>42,585</u>	<u>(44,275)</u>	<u>55,155</u>	<u>55,155</u>
Total	<u>\$718,684</u>	<u>\$ 42,585</u>	<u>\$(54,016)</u>	<u>\$706,407</u>	<u>\$64,895</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 10 – LONG-TERM DEBT – continued

The Authority issued a no interest promissory note in the amount of \$238,364 dated October 31, 2008 to Wadsworth Housing Development Corporation (WHDC). The funds are due in a balloon payment on October 31, 2038. There is no repayment schedule. Therefore, no amortization schedule is presented. There are no capital assets owned by the Authority related to this debt.

On December 8, 2009, the Authority entered into a no interest promissory note with the Medina County Board of Developmental Disabilities (MCBDD) in the amount of \$146,102 to purchase the property located in Chippewa Lake, Ohio (known as Honey Shade). There is no repayment schedule, as the note shall only become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. However, the note is forgiven over an 180 month period. Below is the amortization of the promissory note schedule:

<u>Years</u>	<u>Principal</u>
2014	\$9,740
2015	9,740
2016	9,740
2017	9,740
2018	9,740
2019-2023	48,703
2024-2028	<u>12,985</u>
Total	<u>\$110,388</u>

On July 9, 2010, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$302,500 to build housing units located in Wadsworth, Ohio for mobility and sensory impaired persons (known as Wadsworth Villas). The note accrues interest at a rate of two percent per annum. The note shall become due upon specific events as detailed in the agreement, of which, as of June 30, 2013, none of these events have occurred or are anticipated to occur. Therefore, no amortization schedules are provided.

NOTE 11 – NONCURRENT LIABILITY-OTHER

The Authority was involved in the Family Self-Sufficiency program through the Housing Choice Vouchers Program. The June 30, 2012 financial statements reflected a noncurrent liability-other of \$114,711 represents escrow money held in escrow for residents participating in the Family Self-Sufficiency Program at that period. This program ended in the current fiscal year and the balance was disbursed to the residents participating in the program; for participants not fulfilling their program obligation, their escrow balance was forfeited to the Authority and used to fund future Housing Assistance Payments within the Housing Choice Voucher Program. Therefore, at the end of fiscal year 2013, there was no liability amount related to the Family Self-Sufficiency program.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 12 - CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at June 30, 2013.

B. Litigation

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

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the Authority implemented Government Accounting Standard Board (GASB) *Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities,"* and *Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62."*

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Authority's financial statements.

GASB Statement No. 63 provides for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. The changes were incorporated in the Authority's fiscal year 2013 financial statements, however, there was no effect on beginning net position.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The implementation of this statement did not result in any change in the Authority's financial statements.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the Authority's financial statements.

**MEDINA METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 14 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to correct ending net position by \$50,498 for the Business Activity Programs. The adjustments were as follows:

- Wadsworth Tower project deferred charges were written off due to the loan being paid off:
 - o \$17,662 bank settlement fees
 - o \$10,704 legal fees
 - o (\$3,841) accrued interest payable

- MCBODD promissory note debt reduction of principal in prior years in the amount of \$25,973.

There was also a rounding adjustment to the Housing Choice Vouchers Program which decreased beginning net position by \$2. The total of the adjustments resulted in an increase in beginning net position by \$50,496.

NOTE 15 – FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended June 30, 2013, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis. The audited version of the entity wide balance sheet summary and entity wide revenue and expense summary are included as supplemental data. The schedules are presented in the manner prescribed by U. S. Department of Housing and Urban Development.

MEDINA METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 JUNE 30, 2013

	Northview Manor	Project Total	14.871 Housing Choice Vouchers	Total Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
111 Cash - Unrestricted	76,491	76,491	100,221	844,108		1,020,820		1,020,820
112 Cash - Restricted - Modernization and Development		0		0		0		0
113 Cash - Other Restricted		0	237,189	995,076		1,232,265		1,232,265
114 Cash - Tenant Security Deposits	24,873	24,873		96,248		121,121		121,121
115 Cash - Restricted for Payment of Current Liabilities		0	70	0		70		70
100 Total Cash	101,364	101,364	337,480	1,935,432	0	2,374,276	0	2,374,276
121 Accounts Receivable - PHA Projects		0		0		0		0
122 Accounts Receivable - HUD Other Projects	11,132	11,132		0	18,117	29,249		29,249
124 Accounts Receivable - Other Government		0		6,685		13,951		13,951
125 Accounts Receivable - Miscellaneous		0		79,078		79,078		79,078
126 Accounts Receivable - Tenants	5,076	5,076		36,735		41,811		41,811
126.1 Allowance for Doubtful Accounts - Tenants	(2,538)	(2,538)		(22,582)		(25,120)		(25,120)
126.2 Allowance for Doubtful Accounts - Other		0		0		0		0
127 Notes, Loans, & Mortgages Receivable - Current		0		0		0		0
128 Fraud Recovery		0	13,759	0		13,759		13,759
128.1 Allowance for Doubtful Accounts - Fraud		0	(5,712)	0		(5,712)		(5,712)
129 Accrued Interest Receivable		0		0		0		0
120 Total Receivables, Net of Allowances for Doubtful Accounts	13,670	13,670	8,047	99,916	18,117	147,016	0	147,016
131 Investments - Unrestricted		0	50,154	0		50,154		50,154
132 Investments - Restricted		0		0		0		0
135 Investments - Restricted for Payment of Current Liability		0		0		0		0
142 Prepaid Expenses and Other Assets	4,833	4,833	3,812	74,448		83,093		83,093
143 Inventories		0		0		0		0
143.1 Allowance for Obsolete Inventories		0		0		0		0
144 Inter Program Due From		0		28,751		28,751	(28,751)	0
145 Assets Held for Sale		0		0		0		0
150 Total Current Assets	119,867	119,867	399,493	2,138,547	18,117	2,683,290	(28,751)	2,654,539
161 Land	151,675	151,675		110,401		262,076		262,076
162 Buildings	2,603,764	2,603,764		1,481,370		4,085,134		4,085,134
163 Furniture, Equipment & Machinery - Dwellings	326,690	326,690		13,665		340,355		340,355
164 Furniture, Equipment & Machinery - Administration	169,436	169,436	35,615	434,896		639,947		639,947
165 Leasehold Improvements	123,525	123,525		146,478		270,003		270,003
166 Accumulated Depreciation	(2,301,709)	(2,301,709)	(31,990)	(807,464)		(3,141,163)		(3,141,163)
167 Construction in Progress		0		0		0		0
168 Infrastructure		0		0		0		0
160 Total Capital Assets, Net of Accumulated Depreciation	1,073,381	1,073,381	3,625	1,379,346	0	2,456,352	0	2,456,352
171 Notes, Loans and Mortgages Receivable - Non-		0		3,546,396		3,546,396		3,546,396
172 Notes, Loans, & Mortgages Receivable - Non Current		0		0		0		0
173 Grants Receivable - Non Current		0		0		0		0
174 Other Assets		0		0		0		0
176 Investments in Joint Ventures		0		0		0		0
180 Total Non-Current Assets	1,073,381	1,073,381	3,625	4,925,742	0	6,002,748	0	6,002,748
190 Total Assets	1,193,248	1,193,248	403,118	7,064,289	18,117	8,686,038	(28,751)	8,657,287

MEDINA METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 JUNE 30, 2013

	Northview Manor	Project Total	14.871 Housing Choice Vouchers	Total Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
311 Bank Overdraft		0		0		0		0
312 Accounts Payable <= 90 Days	13,207	13,207	8,132	35,415		56,867		56,867
313 Accounts Payable >90 Days Past Due		0		0		0		0
321 Accrued Wage/Payroll Taxes Payable	8,918	8,918	8,756	36,297		53,971		53,971
322 Accrued Compensated Absences - Current Portion	10,265	10,265	11,947	32,943		55,155		55,155
324 Accrued Contingency Liability		0		0		0		0
325 Accrued Interest Payable		0		15,674		15,674		15,674
331 Accounts Payable - HUD PHA Programs		0	70	0		70		70
332 Account Payable - PHA Projects		0		0		0		0
333 Accounts Payable - Other Government	19,997	19,997		692		20,689		20,689
341 Tenant Security Deposits	24,873	24,873		96,248		121,121		121,121
342 Deferred Revenues	1,125	1,125		6,856		7,981		7,981
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds		0		9,740		9,740		9,740
344 Current Portion of Long-term Debt - Operating		0		0		0		0
345 Other Current Liabilities		0		0		0		0
346 Accrued Liabilities - Other		0		0		0		0
347 Inter Program - Due To	6,232	6,232		0	15,366	28,751	(28,751)	0
348 Loan Liability - Current		0		0		0		0
310 Total Current Liabilities	84,617	84,617	28,905	233,865	15,366	370,019	(28,751)	341,268
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		0		403,148		403,148		403,148
352 Long-term Debt, Net of Current - Operating Borrowings		0		0		0		0
353 Non-current Liabilities - Other		0		0		0		0
354 Accrued Compensated Absences - Non Current		0		0		0		0
355 Loan Liability - Non Current		0		238,364		238,364		238,364
356 FASB 5 Liabilities		0		0		0		0
357 Accrued Pension and OPEB Liabilities		0		0		0		0
350 Total Non-Current Liabilities	0	0	0	641,512	0	641,512	0	641,512
300 Total Liabilities	84,617	84,617	28,905	875,377	15,366	1,011,531	(28,751)	982,780
508.1 Invested In Capital Assets, Net of Related Debt	1,073,381	1,073,381	3,625	966,458	0	2,043,464	0	2,043,464
509.2 Fund Balance Reserved	0	0	0	0	0	0	0	0
511.2 Unreserved, Designated Fund Balance	0	0	0	0	0	0	0	0
511.1 Restricted Net Assets	0	0	237,189	995,076	0	1,232,265	0	1,232,265
512.1 Unrestricted Net Assets	35,250	35,250	133,399	4,227,378	2,751	4,398,778	0	4,398,778
512.2 Unreserved, Undesignated Fund Balance	0	0	0	0	0	0	0	0
513 Total Equity/Net Assets	1,108,631	1,108,631	374,213	6,188,912	2,751	7,674,507	0	7,674,507
600 Total Liabilities and Equity/Net Assets	1,193,248	1,193,248	403,118	7,064,289	18,117	8,686,038	(28,751)	8,657,287

MEDINA METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	ADAMH Funding	Total State/Local	1 Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	272,702		272,702			0	1,532,317		1,805,019		1,805,019
70400 Tenant Revenue - Other	8,200		8,200			0	76		8,276		8,276
70500 Total Tenant Revenue	280,902	0	280,902	0	0	0	1,532,393	0	1,813,295	0	1,813,295
70600 HUD PHA Operating Grants	141,932	6,160	148,092	2,936,971		0	0	228,357	3,313,420		3,313,420
70610 Capital Grants		33,855	33,855			0	0		33,855		33,855
70710 Management Fee			0			0	0		0		0
70720 Asset Management Fee			0			0	0		0		0
70730 Book Keeping Fee			0			0	0		0		0
70740 Front Line Service Fee			0			0	0		0		0
70750 Other Fees			0			0	0		0		0
70700 Total Fee Revenue	141,932	40,015	181,947	2,936,971	0	0	0	228,357	3,347,275	0	3,347,275
70800 Other Government Grants			0		74,060	74,060	207,824		281,884		281,884
71100 Investment Income - Unrestricted	23		23			0	10,061		10,084		10,084
71200 Mortgage Interest Income			0			0	79,633		79,633		79,633
71300 Proceeds from Disposition of Assets			0			0	0		0		0
71310 Cost of Sale of Assets			0			0	0		0		0
71400 Fraud Recovery			0	10,572		0	0		10,572		10,572
71500 Other Revenue	5,440		5,440	35,544		0	499,584		540,568		540,568
71600 Gain or Loss on Sale of Capital Assets			0			0	0		0		0
72000 Investment Income - Restricted			0			0	0		0		0
70000 Total Revenue	428,297	40,015	468,312	2,983,087	74,060	74,060	2,329,495	228,357	6,083,311	0	6,083,311
91100 Administrative Salaries	108,629		108,629	163,184		0	326,350		598,163		598,163
91200 Auditing Fees	2,062		2,062	2,062		0	17,981		22,105		22,105
91300 Management Fee			0			0	0		0		0
91310 Book-keeping Fee			0			0	0		0		0
91400 Advertising and Marketing			0			0	126		126		126
91500 Employee Benefit contributions -	45,237		45,237	67,057		0	126,318		238,612		238,612
91600 Office Expenses	3,728		3,728	14,151		0	27,493		45,372		45,372
91700 Legal Expense	734		734	2,592		0	21,663		24,989		24,989
91800 Travel	634		634	2,439		0	8,629		11,702		11,702
91810 Allocated Overhead			0			0	0		0		0
91900 Other	12,357		12,357	60,866		0	72,481	16,914	162,618		162,618
91000 Total Operating - Administrative	173,381	0	173,381	312,351	0	0	601,043	16,914	1,103,689	0	1,103,689
92000 Asset Management Fee			0	0		0	0		0		0
92100 Tenant Services - Salaries			0	23,384		0	0		23,384		23,384
92200 Relocation Costs			0	0		0	0		0		0
92300 Employee Benefit Contributions - Tenant Services			0	5,142		0	0		5,142		5,142
92400 Tenant Services - Other	1,850		1,850	0		0	0		1,850		1,850
92500 Total Tenant Services	1,850	0	1,850	28,526	0	0	0	0	30,376	0	30,376
93100 Water	6,881		6,881			0	37,867		44,748		44,748
93200 Electricity	51,234		51,234		30	30	76,186		127,450		127,450
93300 Gas	17,415		17,415		82	82	29,937		47,434		47,434
93400 Fuel			0			0	0		0		0
93500 Labor			0			0	0		0		0
93600 Sewer			0			0	41,413		41,413		41,413

MEDINA METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	ADAMH Funding	Total State/Local	1 Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities			0			0	0		0		0
93800 Other Utilities Expense	5,397		5,397			0	0		5,397		5,397
93000 Total Utilities	80,927	0	80,927	0	112	112	185,403	0	266,442	0	266,442
94100 Ordinary Maintenance and Operations -	56,781		56,781			0	148,423		205,204		205,204
94200 Ordinary Maintenance and Operations -	18,191		18,191			0	59,459		77,650		77,650
94300 Ordinary Maintenance and Operations	70,444		70,444			0	138,240		208,684		208,684
94500 Employee Benefit Contributions - Ordinary Maintenance	17,383		17,383			0	44,085		61,468		61,468
94000 Total Maintenance	162,799	0	162,799	0	0	0	390,207	0	553,006	0	553,006
95100 Protective Services - Labor			0			0	0		0		0
95200 Protective Services - Other Contract			0			0	0		0		0
95300 Protective Services - Other			0			0	0		0		0
95500 Employee Benefit Contributions - Protective Services			0			0	0		0		0
95000 Total Protective Services	0	0	0	0	0	0	0	0	0	0	0
96110 Property Insurance	6,768		6,768	655		0	26,893		34,316		34,316
96120 Liability Insurance	3,442		3,442	591		0	14,667		18,700		18,700
96130 Workmen's Compensation	1,057		1,057	6,593		0	2,907		10,557		10,557
96140 All Other Insurance			0			0	0		0		0
96100 Total insurance Premiums	11,267	0	11,267	7,839	0	0	44,467	0	63,573	0	63,573
96200 Other General Expenses			0			73,948	1,574,512		1,648,460		1,648,460
96210 Compensated Absences	(776)		(776)	(8,766)		0	7,007		(2,535)		(2,535)
96300 Payments in Lieu of Taxes	19,997		19,997			0	1,719		21,716		21,716
96400 Bad debt - Tenant Rents	1,214		1,214			0	9,365		10,579		10,579
96500 Bad debt - Mortgages			0			0	0		0		0
96600 Bad debt - Other			0	113		0	0		113		113
96800 Severance Expense			0			0	0		0		0
96000 Total Other General Expenses	20,435	0	20,435	(8,653)	73,948	73,948	1,592,603	0	1,678,333	0	1,678,333
96710 Interest of Mortgage (or Bonds) Payable			0			0	0		0		0
96720 Interest on Notes Payable (Short and Long Term)			0			0	7,099		7,099		7,099
96730 Amortization of Bond Issue Costs			0			0	0		0		0
96700 Total Interest Expense and Amortization Cost	0	0	0	0	0	0	7,099	0	7,099	0	7,099
96900 Total Operating Expenses	450,659	0	450,659	340,063	74,060	74,060	2,820,822	16,914	3,702,518	0	3,702,518
97000 Excess of Operating Revenue over Operating Expenses	(22,362)	40,015	17,653	2,643,024	0	0	(491,327)	211,443	2,380,793	0	2,380,793
97100 Extraordinary Maintenance			0			0	0		0		0
97200 Casualty Losses - Non-capitalized			0			0	0		0		0
97300 Housing Assistance Payments			0	2,751,944		0	0	210,583	2,962,527		2,962,527
97350 HAP Portability-In			0			0	0		0		0
97400 Depreciation Expense	95,968		95,968	1,660		0	67,020		164,648		164,648
97500 Fraud Losses			0			0	0		0		0
97600 Capital Outlays - Governmental Funds			0			0	0		0		0

MEDINA METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	ADAMH Funding	Total State/Local	1 Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
97700 Debt Principal Payment - Governmental Funds			0			0	0		0		0
97800 Dwelling Units Rent Expense			0			0	0		0		0
90000 Total Expenses	546,627	0	546,627	3,093,667	74,060	74,060	2,887,842	227,497	6,829,693	0	6,829,693
10010 Operating Transfer In	6,160		6,160			0	0		6,160	(6,160)	0
10020 Operating transfer Out		(6,160)	(6,160)			0	0		(6,160)	6,160	0
10030 Operating Transfers from/to Primary			0			0	0		0		0
10040 Operating Transfers from/to Component			0			0	0		0		0
10050 Proceeds from Notes, Loans and Bonds			0			0	0		0		0
10060 Proceeds from Property Sales			0			0	0		0		0
10070 Extraordinary Items, Net Gain/Loss			0			0	0		0		0
10080 Special Items (Net Gain/Loss)			0			0	0		0		0
10091 Inter Project Excess Cash Transfer In			0			0	0		0		0
10092 Inter Project Excess Cash Transfer Out			0			0	0		0		0
10093 Transfers between Program and Project In			0			0	0		0		0
10094 Transfers between Project and Program Out			0			0	0		0		0
10100 Total Other financing Sources (Uses)	6,160	(6,160)	0	0	0	0	0	0	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(112,170)	33,855	(78,315)	(110,580)	0	0	(558,347)	860	(746,382)	0	(746,382)
11030 Beginning Equity	1,186,946	0	1,186,946	484,795		0	6,696,761	1,891	8,370,393		8,370,393
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	33,855	(33,855)	0	(2)		0	50,498		50,496		50,496
Ending Equity	1,108,631	0	1,108,631	374,213	0	0	6,188,912	2,751	7,674,507	0	7,674,507
11170 Administrative Fee Equity			0	137,024		0	0		137,024		137,024
11180 Housing Assistance Payments Equity			0	237,189		0	0		237,189		237,189
11190 Unit Months Available	996		996	6,360	168	168	2,551	445	10,520		10,520
11210 Number of Unit Months Leased	995		995	6,192	168	168	2,501	445	10,301		10,301

**MEDINA METROPOLITAN HOUSING AUTHORITY
 FEDERAL AWARDS EXPENDITURES SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass- Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Shelter Plus Care	N/A	14.238	\$ 228,357
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	141,932
Section 8 Housing Choice Vouchers	N/A	14.871	2,936,971
Public Housing Capital Fund	N/A	14.872	40,015
Total Federal Award Expenditures			<u>\$ 3,347,275</u>

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE

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



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

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256-1515

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Medina Metropolitan Housing Authority, Medina County, (the Authority) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
December 20, 2013



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

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256-1515

To the Board of Commissioners:

Report on Compliance for Its Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Wilson, Shannon & Sons, Inc.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program (list):	Section 8 Housing Choice Vouchers/CFDA #14.871
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

MEDINA METROPOLITAN HOUSING AUTHORITY

MEDINA 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 6, 2014**