

**MEDINA METROPOLITAN
HOUSING AUTHORITY
MEDINA COUNTY
Single Audit
For the Year Ended June 30, 2014**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Medina Metropolitan Housing Authority, Medina County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2013 through June 30, 2014. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

January 14, 2015

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MEDINA METROPOLITAN HOUSING AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

December 24, 2014

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

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 year ended June 30, 2014, 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 opinion.

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, as of June 30, 2014 and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Actual Modernization Cost Certificates presented on page 30 and the Financial Data Schedule presented on pages 31-35 present additional analysis as required by the United States Department of Housing and Urban Development and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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 certificates and 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 the certificates and 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, the certificates and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2014, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2014
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 \$8,202 during the fiscal year 2014. Net Position was \$7,666,305 and \$7,674,507 for 2014 and 2013 respectively.
- Revenues decreased by \$239,472 during fiscal year 2014, and were \$5,843,839 and \$6,083,311 for 2014 and 2013 respectively.
- The total expenses of the Authority programs decreased by \$974,923. Total expenses were \$5,854,770 and \$6,829,693 for 2014 and 2013 respectively.

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

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

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MANAGEMENT’S DISCUSSION AND ANALYSIS
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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 (formerly equity) are reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted 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 Net Position: This component of Net Position consists of unrestricted assets that do not meet the definition of “Net Investment in Capital Assets”, or “Restricted Net Position”.

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 rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in 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, and from capital and related 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 Authority 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 Revenue, 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 a program for the ADAMH Board that 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 Revenue, Expenses, and Changes in Net Position.

Grants

The Authority administers one 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 Revenue, 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.

Other Rental Units

Wadsworth Villas - The Authority constructed a new five unit, non-subsidized housing development in in fiscal year 2011 named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014
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Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

Board of Developmental Disabilities - Early in the fiscal year, the Authority concluded a grant/loan agreement with the Medina County Board of Developmental Disabilities (MCBODD) which enabled the Authority to acquire an additional 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 year. The Authority is engaged only in Business-Type Activities.

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

	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 6,180,323	\$ 6,200,935
Capital Assets	<u>2,533,745</u>	<u>2,456,352</u>
 Total Assets	 <u>\$ 8,714,068</u>	 <u>\$ 8,657,287</u>
 Current Liabilities	 \$ 342,657	 \$ 341,268
Long-Term Liabilities	<u>705,106</u>	<u>641,512</u>
 Total Liabilities	 <u>1,047,763</u>	 <u>982,780</u>
 Net Position:		
Net Investment in Capital Assets	2,051,930	2,043,463
Restricted Net Position	1,031,944	1,232,265
Unrestricted Net Position	<u>4,582,431</u>	<u>4,398,779</u>
 Total Net Position	 <u>7,666,305</u>	 <u>7,674,507</u>
 Total Liabilities and Net Position	 <u>\$ 8,714,068</u>	 <u>\$ 8,657,287</u>

For more detailed information see Statement of Net Position presented elsewhere in this report.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014
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Major Factors Affecting the Statement of Net Position

Total assets increased \$56,781 from 2014 to 2013. The increase in assets was due mainly to increase in notes receivable and decrease in cash. The decrease in cash is due to result of current year activities. The Authority received less in funding from HUD for the Housing Choice Voucher Program in an effort by HUD to reduce the restricted net assets held by the housing authorities nationwide.

Total liabilities increase by \$64,983 due to new loan in the amount of \$80,000.

Capital assets net of accumulated depreciation increased by \$77,393. The change is due to the excess of the new acquisitions less depreciation expense for the fiscal year.

Table 2 presents details on the change in Net Position.

Table 2 - Change in Net Position

	<u>Unrestricted N/A</u>	<u>Net Inv in C/A</u>	<u>Restr N/A</u>
Beginning Net Position	\$ 4,398,779	\$ 2,043,463	\$ 1,232,265
Results from Operation	189,390	0	(200,321)
Adjustment:			
Current Year Depreciation Expense	180,727	(180,727)	0
Current Year Capital Expenditures	(258,843)	258,843	0
Current Year Disposal of Asset, Net	723	(723)	0
Net Change in Debt Balance	68,927	(68,927)	0
Prior period adjustment	2,729	0	0
Rounding Adjustment	(1)	1	0
Ending Net Position	\$ <u>4,582,431</u>	\$ <u>2,051,930</u>	\$ <u>1,031,944</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.

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014
UNAUDITED**

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

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,840,863	\$ 1,813,295
Operating Subsidies Grants	3,388,308	3,595,304
Capital Grants	91,034	33,855
Investment Income	91,173	89,717
Gain on Sale of Capital Assets	4,914	-
Other Revenue	427,547	551,140
Total Revenues	<u>5,843,839</u>	<u>6,083,311</u>
<u>Expenses</u>		
Administrative	1,222,964	1,103,689
Tenant Services	1,770	30,376
Utilities	275,891	266,442
Maintenance	567,180	553,006
General Expenses	768,862	1,741,906
Housing Assistance Payments	2,829,418	2,962,527
Interest expense	7,958	7,099
Depreciation	180,727	164,648
Total Expenses	<u>5,854,770</u>	<u>6,829,693</u>
Net Increases (Decreases)	<u>\$ (10,931)</u>	<u>\$ (746,382)</u>

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

Total revenue decreased by \$239,472 in comparison with last year. The decrease was mainly due to less HAP grant funds received from HUD for the Housing Choice Voucher Program. In addition, prior year revenue included a developer fee for an OHFA funded project.

Total expenses decreased \$974,923. The decrease in expenses is mainly due to Wadsworth Tower rehab expenses reported in prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$2,533,745 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions and depreciation) of \$77,393 from the end of last year.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014
UNAUDITED**

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2014</u>	<u>2013</u>
Land	\$ 262,076	\$ 262,076
Building & Improvements	4,442,099	4,355,137
Equipment	1,108,456	980,302
Construction in Progress	30,736	-
Accumulated Depreciation	<u>(3,309,622)</u>	<u>(3,141,163)</u>
Total	<u>\$ 2,533,745</u>	<u>\$ 2,456,352</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Table 4 above.

Table 5 - Change in Capital Assets

Beginning Balance	\$ 2,456,352
Current year purchases	258,843
Less Depreciation Expense	(180,727)
Less Loss on Disposal of Asset	<u>(723)</u>
Ending Balance	<u>\$ 2,533,745</u>

Current year purchases are summarized as follows:

- Parking Lot	\$ 39,855
- Copier	5,524
- Vehicle	39,468
- Mower	6,985
- Carpet replacement	3,070
- Security System	61,622
- Building Renovations	<u>102,319</u>
Total Current Additions	<u>\$ 258,843</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014
UNAUDITED**

Debt Outstanding

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

Table 6 - Condensed Statement of Changes in Debt Outstanding

	<u>2014</u>	<u>2013</u>
Beginning Balance	\$ 651,252	\$ 660,993
Current year debt issued	80,000	-
Current year debt retired	<u>(11,073)</u>	<u>(9,741)</u>
Ending Balance	<u>\$ 720,179</u>	<u>\$ 651,252</u>

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
Statement of Net Position
Proprietary Fund
June 30, 2014

ASSETS

Current assets

Cash and cash equivalents	\$ 790,495
Restricted cash and cash equivalents	1,154,517
Receivables, net	104,547
Prepaid expenses and other assets	79,501
Total current assets	<u>2,129,060</u>

Noncurrent assets

Capital assets:	
Land	262,076
Building and equipment	5,550,555
Construction in progress	30,736
Less accumulated depreciation	<u>(3,309,622)</u>
Capital assets, net	2,533,745
Other noncurrent assets	<u>4,051,263</u>
Total noncurrent assets	<u>6,585,008</u>
Total assets	<u><u>8,714,068</u></u>

LIABILITIES

Current liabilities

Accounts payable	51,836
Accrued liabilities	127,350
Intergovernmental payables	20,259
Tenant security deposits	122,573
Unearned revenue	5,566
Current portion of long-term debt	15,073
Total current liabilities	<u>342,657</u>

Noncurrent liabilities

Loan liability - noncurrent	<u>705,106</u>
Total noncurrent liabilities	<u>705,106</u>
Total liabilities	<u><u>\$ 1,047,763</u></u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Net Position (Continued)
Proprietary Fund
June 30, 2014

NET POSITION

Net Investment in Capital Assets	\$ 2,051,930
Restricted Net Position	1,031,944
Unrestricted Net Position	\$ 4,582,431
Total Net Position	<u>7,666,305</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

OPERATING REVENUES

Tenant revenue	\$1,840,863
Government operating grants	3,388,308
Other revenue	427,547
Total operating revenues	<u>5,656,718</u>

OPERATING EXPENSES

Administrative	1,222,964
Tenant services	1,770
Utilities	275,891
Maintenance	567,180
General	768,862
Housing assistance payment	2,829,418
Depreciation	180,727
Total operating expenses	<u>5,846,812</u>
Operating income (loss)	<u>(190,094)</u>

NON-OPERATING REVENUES (EXPENSES)

Interest and investment revenue	91,173
Gain on sale of capital assets	4,914
Interest Expense	(7,958)
Total nonoperating revenues (expenses)	<u>88,129</u>
Income (loss) before contributions and transfers	(101,965)

Capital grants	91,034
Change in Net Position	(10,931)
Total Net Position – beginning, restated (See Note 13)	<u>7,677,236</u>
Total Net Position - ending	<u><u>\$7,666,305</u></u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$3,401,939
Tenant revenue received	1,831,070
Other revenue received	463,263
General and administrative expenses paid	(2,830,652)
Housing assistance payments	(2,829,418)
	<hr/>
Net cash provided (used) by operating activities	36,202
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment revenue	91,173
Note receivable issued to BHDC	(504,867)
	<hr/>
Net cash provided (used) by investing activities	(413,694)
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	91,034
Proceeds from sale of assets	4,914
Proceeds from debt issued	80,000
Principal debt retired	(11,073)
Payment of interest expense	(7,958)
Property and equipment purchased	(258,843)
	<hr/>
Net cash provided (used) by capital and related activities	(101,926)
	<hr/>
Net increase (decrease) in cash	(479,418)
Cash and cash equivalents - Beginning of year	2,424,430
	<hr/>
Cash and cash equivalents - End of year	<u>\$1,945,012</u>

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

**Medina Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2014**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$190,094)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
- Depreciation	180,727
(Increases) Decreases in:	
- Accounts Receivables	45,921
- Prepaid Assets	3,592
Increases (Decreases) in:	
- Accounts Payable	(5,031)
- Intergovernmental Payable	(500)
- Accrued Liabilities Payable	2,550
- Unearned Revenue	(2,415)
- Tenant Security Deposits	1,452
	1,452
Net cash provided by operating activities	\$36,202

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

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - ORGANIZATION AND 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. 61, 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. 61 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.

MEDINA METROPOLITAN HOUSING AUTHORITY
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E. State and Local Grants

The Authority administers a state grant 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.

Fund Accounting/Financial Reporting Entity

The Authority's basic financial statements consist of a statement of Net Position, Statement of Revenue, 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.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for its Enterprise Fund 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

MEDINA METROPOLITAN HOUSING AUTHORITY
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lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

Accounting and Reporting for Non-exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange 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 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.

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 period.

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 Statement of Net Position 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.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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- 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.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three 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

Restricted cash and investments represent money required by the lease 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.

Operating Reserve - The Operating Reserve is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the operating reserve 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.

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 \$2,500 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
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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 tenant accounts receivable) to be collected in full. At June 30, 2014, allowance for doubtful accounts in tenant accounts receivable was \$9,110.

Use of Estimates

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

Net Position

Net Position represent 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, 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.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS

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.

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, 2014, the carrying balance was \$1,945,012 and the bank balance was \$1,978,047. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2014, \$1,478,047 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.

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 autonomous and each is

**MEDINA METROPOLITAN HOUSING AUTHORITY
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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 group of scattered-site rental single family units located in Medina County.

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 several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in footnote 5, below.

NOTE 4 – INSURANCE COVERAGE

As of June 30, 2014, 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 years ended June 30, 2014, 2013, and 2012.

NOTE 5 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2014:

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. Interest accrued on this note is \$260,000 which is included in the balance outstanding. \$2,260,000

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 principle on February 2020; secured by New Manhattan Place property. 564,730

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In current fiscal year, the Authority restructure the existing note in the amount of \$271,666 with a note for \$335,437 secured by New Jefferson Place. The note includes interest of 4% per annum; payable in monthly installment of \$1,118.12 through February 2024.	335,437
In current fiscal year, the Authority entered into an open-end mortgage of \$400,000 with Southwick Manor Apartments, LLC for the Southwick Manor property. The note includes interest of 2% per annum on the unpaid balance. Interest accrued on this note as of June 30, 2014 is \$1,096 which is included in the balance outstanding.	401,096
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$233 through February 2024; secured by the Home Place scattered-site rental single family properties.	140,000
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 on December 1, 2019. The principal portion of \$350,000 is due on December 1, 2019.	<u>350,000</u>
Total Note Receivable	<u>\$4,051,263</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide retirement, disability and survivor benefits, and annual costs-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS.

Ohio Public Employees Retirement System 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.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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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.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent during FY 2014. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2014, 2013, and 2012 amounted to \$122,305, \$112,592, and \$122,175. All required contributions have been paid.

NOTE 7 – POSTEMPLOYMENT BENEFITS

A. Plan Description

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

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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B. Funding Policy

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

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

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 1.0 percent during calendar 2013. Effective January 1, 2014, the rate was increased to 2.0 percent as per recommended by the OPERS Actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended June 30, 2014, 2013 and 2012, which were used to fund post-employment benefits, were \$13,125, \$32,169 and \$34,905, respectively.

Changes to the health care plan were adopted by OPERS Board of Trustees on September 19, 2012, with transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contribution toward the health care fund after the end of the transition period.

NOTE 8 - CAPITAL ASSETS

The following is a summary of the capital assets activities during the fiscal year:

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MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

	Balance 06/30/13	Increases	Adjust / Decreases	Balance 06/30/14
Capital Assets Not Depreciated:				
Land	\$262,076	\$0	\$0	\$262,076
Construction in Process	0	30,736	0	30,736
Total Capital Assets Not Depreciated	262,076	30,736	0	292,812
Capital Assets Depreciated:				
Building	4,085,133	43,451	0	4,128,584
Furniture, Mach & Equip	980,302	141,144	(12,990)	1,108,456
Leasehold Improvement	270,003	43,512	0	313,515
Total Assets Depreciated	5,335,438	228,107	(12,990)	5,550,555
Accumulated Depreciation:				
Building	(2,249,270)	(79,347)	0	(2,328,617)
Furniture, Mach & Equip	(789,303)	(71,254)	12,267	(848,290)
Leasehold Improvement	(102,589)	(30,126)	0	(132,715)
Total Accumulated Depreciation	(3,141,162)	(180,727)	12,267	(3,309,622)
Total Assets Depreciated, Net	2,194,276	47,380	(723)	2,240,933
Total Capital Assets, Net	\$2,456,352	\$78,116	(\$723)	\$2,533,745

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, 2014, the liability for compensated absences totaled \$49,275 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, 2014:

	Balance 06/30/13	Additions	Deletion	Balance 06/30/14	Due Within One Year
Promissory Note – WHDC	\$238,364	\$0	\$0	\$238,364	\$0
Promissory Note – MCBDD	110,388	0	9,740	100,648	9,740
Promissory Note – MCBDD	0	80,000	1,333	78,667	5,333
Promissory Note – OHFA	302,500	0	0	302,500	0
Total Promissory Notes	\$651,252	\$80,000	\$11,073	\$720,179	\$15,073
Compensated Leave Liability	\$55,155	\$37,295	\$43,175	\$49,275	\$49,275

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

On December 8, 2009, the Authority entered into a no interest promissory note with the Medina County Board of Developmental Disabilities (MCBODD) in the amount of \$146,102 to purchase the property located in Chippewa Lake, Ohio (known as Honey Shade). The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2014 is \$100,648.

On May 13, 2014, the Authority entered into a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$80,000 to purchase the Coal Ridge property in Wadsworth. The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2014 is \$78,667.

Below is the amortization of the promissory note schedule:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2015	\$15,073	\$0
2016	15,073	0
2017	15,073	0
2018	15,073	0
2019	15,073	0
2020-2024	75,365	0
2025-2029	28,585	0
	<hr/>	
Total	\$179,315	\$0
	<hr/>	

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.

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, 2014, none of these events have occurred or are anticipated to occur. Therefore, no amortization schedules are provided.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 - 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, 2014.

B. Litigation

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

NOTE 12 - NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NOTE 13 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to correct ending net position by \$2,729 for the Business Activity Programs in order to correcting accrued compensated absences balance. Prior audit balance at June 30, 2013 reflected \$7,674,507. Taking the adjustment into account, the new balance at July 1, 2013 is \$7,677,236.

NOTE 14 – GASB STATEMENT IMPLEMENTATION

For 2014, the Authority implemented GASB No. 66, Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62.

The objective of GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Authority.

MEDINA METROPOLITAN HOUSING AUTHORITY

**ACTUAL MODERNIZATION COST CERTIFICATES
FOR THE YEAR ENDED JUNE 30, 2014**

Modernization Project Number : OH12PO2750110

Original Funds Approved:	\$	91,976
Funds Disbursed:	\$	91,976
Funds Expended (Actual Modernization Cost):	\$	91,976
Amount to be Recaptured:		Not Applicable
Excess of Funds Disbursed:		Not Applicable

Modernization Project Number : OH12PO2750111

Original Funds Approved:	\$	76,421
Funds Disbursed:	\$	76,421
Funds Expended (Actual Modernization Cost):	\$	76,421
Amount to be Recaptured:		Not Applicable
Excess of Funds Disbursed:		Not Applicable

Modernization Project Number : OH12PO2750112

Original Funds Approved:	\$	65,468
Funds Disbursed:	\$	65,468
Funds Expended (Actual Modernization Cost):	\$	65,468
Amount to be Recaptured:		Not Applicable
Excess of Funds Disbursed:		Not Applicable

Medina Metropolitan Housing Authority
Financial Data Schedule
June 30, 2014

	Northview Manor	Northview Manor Capital Fund	Northview Manor Project Total	14.871 Housing Choice Vouchers	ADAMH Funding	State HAP	ODOD HAP	Total State/Local	Total Business Activities	14,238 Shelter Plus Care	Subtotal	ELIM	Total
111 Cash - Unrestricted	56,125		56,125	102,967				0	631,403		790,495		790,495
112 Cash - Restricted - Modernization and Development			0					0	0		0		0
113 Cash - Other - Restricted			0	34,306				0	947,423		981,729		981,729
114 Cash - Tenant Security Deposits	24,502		24,502					0	98,071		122,573		122,573
115 Cash - Restricted for Payment of Current Liabilities			0					0	0		0		0
100 Total Cash	80,627	0	80,627	137,273	0	0	0	0	1,676,897	0	1,894,797	0	1,894,797
121 Accounts Receivable - PHA Projects			0					0	0		0		0
122 Accounts Receivable - HUD Other Projects			0					0	0	20,119	20,119		20,119
124 Accounts Receivable - Other Government			0		6,078			6,078	2,872		8,950		8,950
125 Accounts Receivable - Miscellaneous			0					0	36,140		36,140		36,140
126 Accounts Receivable - Tenants	7,603		7,603					0	50,696		58,299		58,299
126.1 Allowance for Doubtful Accounts - Tenants	(3,802)		(3,802)					0	(30,428)		(34,230)		(34,230)
126.2 Allowance for Doubtful Accounts - Other			0					0	0		0		0
127 Notes, Loans, & Mortgages Receivable - Current			0					0	0		0		0
128 Fraud Recovery			0	20,981				0	0		20,981		20,981
128.1 Allowance for Doubtful Accounts - Fraud			0	(5,712)				0	0		(5,712)		(5,712)
129 Accrued Interest Receivable			0					0	0		0		0
120 Total Receivables, Net of Allowances for Doubtful Accounts	3,801	0	3,801	15,269	6,078	0	0	6,078	59,280	20,119	104,547	0	104,547
131 Investments - Unrestricted			0					0	0		0		0
132 Investments - Restricted			0	50,215				0	0		50,215		50,215
135 Investments - Restricted for Payment of Current Liability			0					0	0		0		0
142 Prepaid Expenses and Other Assets	4,635		4,635	550				0	74,316		79,501		79,501
143 Inventories			0					0	0		0		0
143.1 Allowance for Obsolete Inventories			0					0	0		0		0
144 Inter Program Due From			0					0	23,039		23,039	(23,039)	0
145 Assets Held for Sale			0					0	0		0		0
150 Total Current Assets	89,063	0	89,063	203,307	6,078	0	0	6,078	1,833,532	20,119	2,152,099	(23,039)	2,129,060
161 Land	151,675		151,675					0	110,401		262,076		262,076
162 Buildings	2,603,764		2,603,764					0	1,524,820		4,128,584		4,128,584
163 Furniture, Equipment & Machinery - Dwellings	351,165		351,165					0	13,665		364,830		364,830
164 Furniture, Equipment & Machinery - Administration	231,058		231,058	35,615				0	476,953		743,626		743,626
165 Leasehold Improvements	132,501		132,501					0	181,014		313,515		313,515
Buildings, Equipment, and Leasehold Improvements			3,318,488	35,615	0	0	0	0	2,196,452	0	5,550,555	0	5,550,555
166 Accumulated Depreciation	(2,409,588)		(2,409,588)	(33,643)				0	(866,391)		(3,309,622)		(3,309,622)
167 Construction in Progress			0					0	30,736		30,736		30,736
168 Infrastructure			0					0	0		0		0
160 Total Capital Assets, Net of Accumulated Depreciation	1,060,575	0	1,060,575	1,972	0	0	0	0	1,471,198	0	2,533,745	0	2,533,745
171 Notes, Loans and Mortgages Receivable - Non-Current			0					0	4,051,263		4,051,263		4,051,263
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			0					0	0		0		0
173 Grants Receivable - Non Current			0					0	0		0		0

Medina Metropolitan Housing Authority
 Financial Data Schedule
 June 30, 2014

	Northview Manor	Northview Manor Capital Fund	Northview Manor Project Total	14,871 Housing Choice Vouchers	ADAMH Funding	State HAP	ODOD HAP	Total State/Local	Total Business Activities	14,238 Shelter Plus Care	Subtotal	ELIM	Total
174 Other Assets			0					0	0		0		0
176 Investments in Joint Ventures			0					0	0		0		0
180 Total Non-Current Assets	1,060,575	0	1,060,575	1,972	0	0	0	0	5,522,461	0	6,585,008	0	6,585,008
190 Total Assets	1,149,638	0	1,149,638	205,279	6,078	0	0	6,078	7,355,993	20,119	8,737,107	(23,039)	8,714,068
311 Bank Overdraft			0					0	0		0		0
Accounts Payable			29,722	968	97			41,308	0	72,095	0		72,095
312 Accounts Payable <= 90 Days	10,145		10,145	938	97			40,656		51,836			51,836
313 Accounts Payable >90 Days Past Due			0					0		0			0
321 Accrued Wage/Payroll Taxes Payable	10,211		10,211	10,158				50,023		70,392			70,392
322 Accrued Compensated Absences - Current Portion	10,170		10,170	10,951				28,154		49,275			49,275
325 Accrued Interest Payable			0					0		0			0
326 Accrued Contingency Liability			0					7,683		7,683			7,683
331 Accounts Payable - HUD PHA Programs			0	30				0		30			30
332 Account Payable - PHA Projects			0					0		0			0
333 Accounts Payable - Other Government	19,577		19,577					652		20,229			20,229
341 Tenant Security Deposits	24,502		24,502					98,071		122,573			122,573
342 Deferred Revenues	1,645		1,645					3,921		5,566			5,566
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			0					15,073		15,073			15,073
344 Current Portion of Long-term Debt - Operating Borrowings			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			0		5,981			5,981		17,058	23,039	(23,039)	0
348 Loan Liability - Current			0					0		0			0
310 Total Current Liabilities	76,250	0	76,250	22,077	6,078	0	0	6,078	244,233	17,058	365,696	(23,039)	342,657
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			0					0	466,742		466,742		466,742
352 Long-term Debt, Net of Current - Operating Borrowings			0					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	0	0	0	0	0	705,106	0	705,106	0	705,106
300 Total Liabilities	76,250	0	76,250	22,077	6,078	0	0	6,078	949,339	17,058	1,070,802	(23,039)	1,047,763
508.1 Invested In Capital Assets, Net of Related Debt	1,060,575	0	1,060,575	1,972	0	0	0	0	989,383	0	2,051,930	0	2,051,930
509.2 Fund Balance Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
511.2 Unreserved Designated Fund Balance	0	0	0	84,521	0	0	0	0	947,422	0	1,031,943	0	1,031,943
512.1 Unrestricted Net Assets	12,813	0	12,813	96,709	0	0	0	4,442,346	3,061	4,582,431	0	0	4,582,431
512.2 Unreserved, Undesignated Fund Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
513 Total Equity/Net Assets	1,073,388	0	1,073,388	183,202	0	0	0	0	6,379,152	3,061	7,666,305	0	7,666,305
600 Total Liabilities and Equity/Net Assets	1,149,638	0	1,149,638	205,279	6,078	0	0	6,078	7,328,491	20,119	8,737,107	(23,039)	8,714,068
70300 Net Tenant Rental Revenue	276,563		276,563					1,556,031		1,832,594			1,832,594
70400 Tenant Revenue - Other	8,269		8,269					0		8,269			8,269
70500 Total Tenant Revenue	284,832	0	284,832	0	0	0	0	1,556,031	0	1,840,863	0	0	1,840,863
70600 HUD PHA Operating Grants	137,896	31,555	169,451	2,727,771				0		233,798			3,131,020
70610 Capital Grants		91,034	91,034					0		91,034			91,034
70710 Management Fee			0					0		0			0
70720 Asset Management Fee			0					0		0			0
70730 Book Keeping Fee			0					0		0			0
70740 Front Line Service Fee			0					0		0			0
70750 Other Fees			0					0		0			0

Medina Metropolitan Housing Authority
 Financial Data Schedule
 June 30, 2014

	Northview Manor	Northview Manor Capital Fund	Northview Manor Project Total	14.871 Housing Choice Vouchers	ADAMH Funding	State HAP	ODOG HAP	Total State/Local	Total Business Activities	14,238 Shelter Plus Care	Subtotal	ELIM	Total
70700 Total Fee Revenue	137,896	122,589	260,485	2,727,771	0	0	0	0	0	233,798	3,222,054	0	3,222,054
70800 Other Government Grants	0	0	0	0	56,144	0	0	56,144	201,144	0	257,288	0	257,288
71100 Investment Income - Unrestricted	23	23	23	101	0	0	0	0	6,267	0	6,391	0	6,391
71200 Mortgage Interest Income	0	0	0	0	0	0	0	0	84,782	0	84,782	0	84,782
71300 Proceeds from Disposition of Assets Held for Sale	0	0	0	0	0	0	0	0	0	0	0	0	0
71310 Cost of Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
71400 Fraud Recovery	0	0	0	14,306	0	0	0	0	0	0	14,306	0	14,306
71500 Other Revenue	6,799	6,799	6,799	4,721	60	0	0	60	401,661	0	413,241	0	413,241
71600 Gain or Loss on Sale of Capital Assets	0	0	0	0	0	0	0	0	4,914	0	4,914	0	4,914
72000 Investment Income - Restricted	0	0	0	0	0	0	0	0	0	0	0	0	0
70000 Total Revenue	429,550	122,589	552,139	2,746,899	56,204	0	0	56,204	2,254,799	233,798	5,843,839	0	5,843,839
91100 Administrative Salaries	115,778	0	115,778	170,187	0	0	0	0	361,748	0	647,713	0	647,713
91200 Auditing Fees	2,103	0	2,103	2,103	0	0	0	0	16,644	0	20,850	0	20,850
91300 Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0
91310 Book-keeping Fee	0	0	0	0	0	0	0	0	0	0	0	0	0
91400 Advertising and Marketing	0	0	0	0	0	0	0	0	1,590	0	1,590	0	1,590
91500 Employee Benefit contributions - Administrative	51,466	0	51,466	71,246	0	0	0	0	156,924	0	279,636	0	279,636
91600 Office Expenses	3,157	0	3,157	14,305	0	0	0	0	21,961	0	39,423	0	39,423
91700 Legal Expense	263	0	263	472	0	0	0	0	51,880	0	52,615	0	52,615
91800 Travel	2,766	0	2,766	3,381	0	0	0	0	11,408	0	17,555	0	17,555
91810 Allocated Overhead	0	0	0	0	0	0	0	0	0	0	0	0	0
91900 Other	26,454	0	26,454	59,304	60	0	0	60	61,984	15,780	163,582	0	163,582
91000 Total Operating - Administrative	201,987	0	201,987	320,998	60	0	0	60	684,139	15,780	1,222,964	0	1,222,964
92000 Asset Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	0
92100 Tenant Services - Salaries	0	0	0	0	0	0	0	0	0	0	0	0	0
92200 Relocation Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
92300 Employee Benefit Contributions - Tenant Services	0	0	0	0	0	0	0	0	0	0	0	0	0
92400 Tenant Services - Other	1,770	0	1,770	0	0	0	0	0	0	0	1,770	0	1,770
92500 Total Tenant Services	1,770	0	1,770	0	0	0	0	0	0	0	1,770	0	1,770
93100 Water	6,973	0	6,973	0	0	0	0	0	47,831	0	54,804	0	54,804
93200 Electricity	53,054	0	53,054	0	0	0	0	0	74,977	0	128,031	0	128,031
93300 Gas	21,197	0	21,197	0	0	0	0	0	23,604	0	44,801	0	44,801
93400 Fuel	0	0	0	0	0	0	0	0	0	0	0	0	0
93500 Sewer	7,841	0	7,841	0	0	0	0	0	40,414	0	48,255	0	48,255
93700 Employee Benefit Contributions - Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
93800 Other Utilities Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
93000 Total Utilities	89,065	0	89,065	0	0	0	0	0	186,826	0	275,891	0	275,891
94100 Ordinary Maintenance and Operations - Labor	62,204	0	62,204	0	0	0	0	0	161,256	0	223,460	0	223,460
94200 Ordinary Maintenance and Operations - Materials and Other	27,133	0	27,133	0	0	0	0	0	53,555	0	80,688	0	80,688
94300 Ordinary Maintenance and Operations Contracts	46,423	0	46,423	0	0	0	0	0	165,424	0	211,847	0	211,847
94500 Employee Benefit Contributions - Ordinary Maintenance	18,928	0	18,928	0	0	0	0	0	32,257	0	51,185	0	51,185
94000 Total Maintenance	154,688	0	154,688	0	0	0	0	0	412,492	0	567,180	0	567,180
95100 Protective Services - Labor	0	0	0	0	0	0	0	0	0	0	0	0	0
95200 Protective Services - Other Contract Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
95300 Protective Services - Other	0	0	0	0	0	0	0	0	0	0	0	0	0
95500 Employee Benefit Contributions - Protective Services	0	0	0	0	0	0	0	0	0	0	0	0	0
95000 Total Protective Services	0	0	0	0	0	0	0	0	0	0	0	0	0
96110 Property Insurance	6,978	0	6,978	677	0	0	0	0	30,555	0	38,210	0	38,210
96120 Liability Insurance	3,762	0	3,762	601	0	0	0	0	15,836	0	20,201	0	20,201

Medina Metropolitan Housing Authority
 Financial Data Schedule
 June 30, 2014

	Northview Manor	Northview Manor Capital Fund	Northview Manor Project Total	14,871 Housing Choice Vouchers	ADAMH Funding	State HAP	ODOD HAP	Total State/Local	Total Business Activities	14,238 Shelter Plus Care	Subtotal	ELIM	Total
96130 Workmen's Compensation	508		508	3,167				0	1,745		5,420		5,420
96140 All Other Insurance			0					0	0		0		0
96100 Total Insurance Premiums	11,248	0	11,248	4,445	0	0	0	0	48,138	0	63,831	0	63,831
96200 Other General Expenses			0		56,144			56,144	621,241		677,385		677,385
96210 Compensated Absences	(95)		(95)	(996)				0	(3,943)		(5,034)		(5,034)
96300 Payments in Lieu of Taxes	19,577		19,577					0	3,471		23,048		23,048
96400 Bad debt - Tenant Rents	1,264		1,264	100				0	8,268		9,632		9,632
96500 Bad debt - Mortgages			0					0	0		0		0
96600 Bad debt - Other			0					0	0		0		0
96800 Severance Expense			0					0	0		0		0
96900 Total Other General Expenses	20,746	0	20,746	(896)	56,144	0	0	56,144	629,037	0	705,031	0	705,031
96710 Interest of Mortgage (or Bonds) Payable			0					0	0		0		0
96720 Interest on Notes Payable (Short and Long Term)			0					0	7,958		7,958		7,958
96730 Amortization of Bond Issue Costs			0					0	0		0		0
96700 Total Interest Expense and Amortization Cost	0	0	0	0	0	0	0	0	7,958	0	7,958	0	7,958
96900 Total Operating Expenses	479,504	0	479,504	324,547	56,204	0	0	56,204	1,968,590	15,780	2,844,625	0	2,844,625
97000 Excess of Operating Revenue over Operating Expenses	(49,954)	122,589	72,635	2,422,352	0	0	0	0	286,209	218,018	2,999,214	0	2,999,214
97100 Extraordinary Maintenance			0					0	0		0		0
97200 Casualty Losses - Non-capitalized			0					0	0		0		0
97300 Housing Assistance Payments			0	2,611,710				0	0	217,708	2,829,418		2,829,418
97350 HAP Portability-In			0					0	0		0		0
97400 Depreciation Expense	107,878		107,878	1,653				0	71,196		180,727		180,727
97500 Fraud Losses			0					0	0		0		0
97600 Capital Outlays - Governmental Funds			0					0	0		0		0
97700 Debt Principal Payment - Governmental Funds			0					0	0		0		0
97800 Dwelling Units Rent Expense			0					0	0		0		0
99000 Total Expenses	587,382	0	587,382	2,937,910	56,204	0	0	56,204	2,039,786	233,488	5,854,770	0	5,854,770
10010 Operating Transfer In	31,555		31,555					0	0		31,555	(31,555)	0
10020 Operating transfer Out		(31,555)	(31,555)					0	0		(31,555)	31,555	0
10030 Operating Transfers from/to Primary Government			0					0	0		0		0
10040 Operating Transfers from/to Component Unit			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)	31,555	(31,555)	0	0	0	0	0	0	0	0	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(126,277)	91,034	(35,243)	(191,011)	0	0	0	0	215,013	310	(10,931)	0	(10,931)
11030 Beginning Equity	1,108,631	0	1,108,631	374,213				0	6,188,912	2,751	7,674,507		7,674,507
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	91,034	(91,034)	0					0	2,729		2,729		2,729
Ending Equity	1,073,388	0	1,073,388	183,202	0	0	0	0	6,406,654	3,061	7,666,305	0	7,666,305
11170 Administrative Fee Equity			0	98,681				0	0		98,681		98,681
11180 Housing Assistance Payments Equity			0	84,521				0	0		84,521		84,521
11190 Unit Months Available	996		996	6,360				0	2,575	528	10,459		10,459
11210 Number of Unit Months Leased	995		995	6,039				0	2,519	528	10,081		10,081

Medina Metropolitan Housing Authority
 Financial Data Schedule
 June 30, 2014

	Northview Manor	Northview Manor Capital Fund	Northview Manor Project Total	14.871 Housing Choice Vouchers	ADAMH Funding	State HAP	ODOG HAP	Total State/Local	Total Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
11270 Excess Cash			0					0	0		0		0
11610 Land Purchases			0					0	0		0		0
11620 Building Purchases			0					0	0		0		0
11630 Furniture & Equipment - Dwelling Purchases			0					0	0		0		0
11640 Furniture & Equipment - Administrative Purchases			0					0	0		0		0
11650 Leasehold Improvements Purchases	91,034		91,034					0	0		91,034		91,034
11660 Infrastructure Purchases			0					0	0		0		0
13510 CFFP Debt Service Payments			0					0	0		0		0
13901 Replacement Housing Factor Funds			0	0				0	0		0		0

Medina Metropolitan Housing Authority
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

FEDERAL GRANTOR / GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Programs:		
Shelter Plus Care	14.238	\$233,798
Low Rent Public Housing	14.850a	137,896
Housing Choice Vouchers	14.871	2,727,771
Public Housing Capital Fund Program	14.872	<u>122,589</u>
Total Expenditure of Federal Awards		<u><u>\$3,222,054</u></u>

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

December 24, 2014

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

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 year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 24, 2014.

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.

Medina Metropolitan Housing Authority
Medina County
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*
Page 2

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.



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

December 24, 2014

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

To the Board of Commissioners:

Report on Compliance for the 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 year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of audit 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 the Authority's major federal program 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.

Opinion on each 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 year ended June 30, 2014.

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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

MEDINA METROPOLITAN HOUSING AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2014

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses 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 Programs (list):	Housing Choice Voucher Program - 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

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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
JANUARY 27, 2015**