

Hancock Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2013



Dave Yost • Auditor of State

Board of Commissioners
Hancock Metropolitan Housing Authority
1800 North Blanchard Street
Findlay, Ohio 45840

We have reviewed the *Independent Auditors' Report* of the Hancock Metropolitan Housing Authority, Hancock County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2013 through December 31, 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 Hancock 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

July 23, 2014

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HANCOCK METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Hancock Metropolitan Housing Authority

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Hancock Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Hancock Metropolitan Housing Authority as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with 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 that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

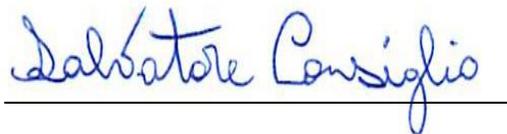
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hancock Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying combining financial data schedule ("FDS"), and Schedule of Expenditure of Federal Awards are not a required part of the basic financial statements.

The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditure of Federal Awards, and the combining financial data schedule ("FDS") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2014, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Salvatore Consiglio". The signature is written in a cursive style and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 26, 2014

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (M D & A)
Year Ended December 31, 2013**

Unaudited

Hancock 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 years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- During 2013, the Authority’s net position decreased by \$126,000 (or 27.10%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was \$339,000 and \$465,000 for 2013 and 2012 respectively.
- Revenues decreased by \$132,000 (or 3.85%) during 2013, and were \$3,298,000 and \$3,430,000 for 2013 and 2012 respectively. The decrease in revenue was mainly due to less HUD grant funds received.
- The total expenses of all Authority programs decreased by \$41,000 (or 1.18%). Total expenses were \$3,423,000 and \$3,464,000 for 2013 and 2012 respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”:

<p>MD&A</p> <p>~ Management’s Discussion & Analysis ~</p>

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (M D & A)
Year Ended December 31, 2013**

Unaudited

Basic Financial Statements

~ **Authority-wide Financial Statements** ~

Other Required Supplementary Information

~ **Required Supplementary Information** ~
(other than the MD&A)

The primary focus of the Authority’s financial statements is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority’s accountability.

Authority-Wide Financial Statements

The Authority-wide financial statements 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 net assets. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-Current”.

The focus of the Statement of net position (the “Unrestricted Net Position”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position (formerly net assets) is reported in three broad categories:

Net Invested 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.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended December 31, 2013**

Unaudited

Authority-Wide Financial Statements (continued)

Restricted Net Position: This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of net position that do not meet the definition of “net position Invested in Capital Assets, net of Related Debt”, or “Restricted Net Position”.

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

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

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

Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Funds

Business Type Fund

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' portion of the rent at 30% of adjusted gross income.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended December 31, 2013**

Unaudited

Business Type Fund (continued)

Other Non-Major Programs – In addition to the program above, the Authority also operates the following programs. The Authority received funding from Putnam and Wyandot County's HOME program an Community Housing Improvement Program (CHIP) during the fiscal year. State/Local activities represent non-HUD resources developed from a variety of activities.

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

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

Table 1 - Condensed Statement of Net Position Compared to Prior Year
(Value Rounded to Nearest Thousand)

	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 298,000	\$ 462,000
Capital Assets	<u>65,000</u>	<u>82,000</u>
Total Assets	<u>\$ 363,000</u>	<u>\$ 544,000</u>
Current Liabilities	\$ 11,000	\$ 43,000
Noncurrent Liabilities	<u>13,000</u>	<u>36,000</u>
Total Liabilities	<u>24,000</u>	<u>79,000</u>
Net Position:		
Net Investment in Capital Assets	59,000	74,000
Restricted Net Position	74,000	93,000
Unrestricted Net Position	<u>206,000</u>	<u>298,000</u>
Total Net Position	<u>339,000</u>	<u>465,000</u>
Total Liabilities and Net Position	<u>\$ 363,000</u>	<u>\$ 544,000</u>

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

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended December 31, 2013**

Unaudited

Major Factors Affecting the Statement of Net position

Total Net Position decreased from the prior year-end by about \$126,000. The greatest loss was to Unrestricted Net Position (about \$92,000 or 31%), the component of Net Position available to the agency to further its purpose. The changes in incomes and expenses causing this change are discussed more in the next section where we discuss Table 2, the Modified Statement of Revenues, Expenses and Changes in Net Position.

Current Assets dropped dramatically from the prior year. The drop in Current Assets (about \$164,000 or 35%) corresponds primarily to the reduction in Unrestricted Net Position. The agency also reduced liabilities compared to the prior year and that too contributed to the reduction in Current Assets. Changes to capital assets from the prior period essentially reflect depreciation taken on capital assets. Also see the discussion accompanying Table 3 regarding changes in capital assets.

Current Liabilities decreased \$32,000, a change of 74%. With this change Current Liabilities returned to a more normal level for the agency. The balance at the end of the prior year was unusually high, a result of an increase in Accounts Payable due to timing of invoices received. Non-current liabilities dropped as well, by \$24,000 (or 65%) over the past year. That reduction was to the FSS liability, due to program graduations and withdrawals by program participants.

The following is a modified **Statement of Revenues, Expenses & Changes in Fund Net Position**. Hancock MHA is engaged only in business type activities.

Table 2 - Statement of Revenue, Expenses & Changes in Net Position
(Values Rounded to Nearest Thousand)

	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
Operating Subsidies	\$ 3,196,000	\$ 3,408,000
Other Revenues	102,000	22,000
Total Revenues	<u>3,298,000</u>	<u>3,430,000</u>
<u>Expenses</u>		
Administrative	461,000	444,000
Maintenance	1,000	1,000
General Expenses	8,000	10,000
Housing Assistance Payments	2,934,000	2,985,000
Depreciation	19,000	24,000
Total Expenses	<u>3,423,000</u>	<u>3,464,000</u>
Net Increases (Decreases)	<u><u>\$ (125,000)</u></u>	<u><u>\$ (34,000)</u></u>

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended December 31, 2013**

Unaudited

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

The drop in HUD funding for the Section 8 Housing Choice Voucher program of \$220,000 was offset by increases in other revenues that resulted in a net reduction of income of \$133,000. The drop in the funding from HUD for the Voucher program reflects the trend in recent years of reductions in Federal subsidies due to the tight budget situation at the Federal level.

Expenses also dropped in reaction to the drop in revenues with the biggest reduction being in Housing Assistance Payments made. This reflects the agency being able to provide less rental assistance to fewer clients because less funding is being provided the agency for that purpose.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had \$65,000 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$17,000 from the end of last year. The decrease is due to administrative equipment purchased less depreciation expense.

Table 3 - Condensed Statement of Changes in Capital Assets
(Values Rounded to Nearest Thousand)

	<u>2013</u>	<u>2012</u>
Equipment - Administrative	\$ 173,000	\$ 172,000
Leasehold Improvements	20,000	20,000
Accumulated Depreciation	(129,000)	(110,000)
Rounding Adjustment	1,000	-
Total	\$ 65,000	\$ 82,000

The agency had minimal equipment additions in the period. The change in the period is primarily due to depreciation expense for the period.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (M D & A)
Year Ended December 31, 2013**

Unaudited

The following is a **comparison of debt outstanding** at the year-end versus at the end of the prior year.

Table 4 - Condensed Statement of Changes in Debt Outsatnding
(Values Rounded to Nearest Thousand)

	<u>2013</u>	<u>2012</u>
Debt - current portion	\$ 3,000	\$ 3,000
Debt - Noncurrent portion	<u>2,000</u>	<u>5,000</u>
 Total	 <u><u>\$ 5,000</u></u>	 <u><u>\$ 8,000</u></u>

ECONOMIC FACTORS

Funding for administration of agency programs has suffered deep cuts in recent periods. Cuts in funding from HUD for the administration of agency programs present significant challenges to management to find ways to continue to provide services to agency clients and ultimately means fewer families in the community can be provided rental assistance by the agency.

FINANIAL CONTACT

Questions concerning this report or requests for additional information should be directed to Edwin Tharp, Executive Director of the Hancock Metropolitan Housing Authority, Suite 114, The Family Center, 1800 N Blanchard Street, Findlay, Ohio, 45840.

HANCOCK METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
December 31, 2013

ASSETS

Current assets

Cash and cash equivalents	\$ 137,747
Restricted cash and cash equivalents	82,936
Receivables, net	69,215
Prepaid expenses and other assets	8,434
<i>Total current assets</i>	<u>298,332</u>

Noncurrent assets

Capital assets:

Building and equipment	193,551
Less accumulated depreciation	(128,844)

<i>Total noncurrent assets</i>	<u>64,707</u>
Total assets	<u>\$ 363,039</u>

LIABILITIES

Current liabilities

Accounts payable	\$ 1,854
Accrued Liabilities	2,123
Current portion of long-term debt	3,061
Other current liabilities	3,972

<i>Total current liabilities</i>	<u>11,010</u>
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Noncurrent liabilities

Accrued Compensated Absences	1,563
Long-term debt, net of current portion	2,273
Noncurrent liabilities - other	9,164

<i>Total noncurrent liabilities</i>	<u>13,000</u>
Total liabilities	<u>24,010</u>

NET POSITION

Net invested in capital assets	59,373
Restricted net position	73,772
Unrestricted net position	205,884

Total net position	<u>339,029</u>
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Total liabilities and net position	<u>\$ 363,039</u>
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The accompanying notes to the Basic Financial Statements are an integral part of these statements.

HANCOCK METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013

OPERATING REVENUES

Government operating grants	\$ 3,195,538
Other revenue	101,875
Total operating revenues	<u>3,297,413</u>

OPERATING EXPENSES

Administrative	460,885
Maintenance	553
General	8,062
Housing assistance payment	2,933,518
Depreciation	19,245
Total operating expenses	<u>3,422,263</u>
Operating income (loss)	<u>(124,850)</u>

NONOPERATING REVENUES (EXPENSES)

Interest expense	(946)
Total nonoperating revenues (expenses)	<u>(946)</u>
Change in net position	(125,796)
Total net position - beginning	464,825
Total net position - ending	<u>\$ 339,029</u>

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

HANCOCK METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Fund Type
For the year ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$3,178,705
Other revenue received	84,746
Cash payments for administrative	(522,717)
Cash payments for HAP	(2,933,518)

Net cash provided (used) by operating activities (192,784)

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Retirement of debt	(2,666)
Acquisition of capital assets	(1,459)
Interest expense	(946)

Net cash provided (used) by capital and related activities (5,071)

Net increase (decrease) in cash	(197,855)
Cash and cash equivalents - Beginning of year	418,538

Cash and cash equivalents - End of year \$ 220,683

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	\$ (124,850)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	19,245
- (Increases) Decreases in Accounts Receivable	(33,962)
- (Increases) Decreases in Prepaid Assets	(68)
- Increases (Decreases) in Accounts Payable	(11,819)
- Increases (Decreases) in Accrued Liabilities	(12,461)
- Increases (Decreases) in Other Current Liabilities	(8,402)
- Increases (Decreases) in Non-Current Liabilities Other	(20,467)

Net cash provided by operating activities \$ (192,784)

The accompanying notes to the Basic Financial Statements are an integral part of these statements.

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Hancock Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Hancock Metropolitan Housing Authority is a political subdivision of the State of Ohio, located in Findlay, Ohio. The Authority was created under the Ohio Revised Code, Section 3735.27, to engage in the acquisition, development, leasing, and administration of low-rent housing program. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 61, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The Authority uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund

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

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

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

Housing Choice Voucher Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistant Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

Supportive Housing Program

The Supportive Housing Program functions similarly to the Housing Choice Voucher Program. The Supportive Housing Program difference is that the rental assistance is directed to special populations and is coupled with support services from a partner agency.

Other Non-Major Programs – In addition to the program above, the Authority also operates the following programs. The Authority received funding from Putnam and Wyandot County's HOME program an Community Housing Improvement Program (CHIP) during the fiscal year. State/Local activities represent non-HUD resources developed from a variety of activities.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less, and all non-negotiable certificates of deposits regardless of maturity.

Investments

Investments are restricted by the provisions of the HUD regulations. Investments are valued at market value.

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Capital Assets

Capital assets are stated at cost. 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 \$500 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	27 1/2 - 40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	3-7 years

Net Position

Net position represents the difference between assets and liabilities. Net invested 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 are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

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.

Compensated Absences

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

HANCOCK METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The liability amount of \$1,563 was reported as noncurrent year liability.

The following is a summary of changes in compensated absence liability:

	Balance	Increase	Decrease	Balance	Due within a
	12/31/12	12/31/12	12/31/12	12/31/13	Year
Total Liability	\$2,544	\$14,481	(\$15,462)	\$1,563	\$0

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all 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. The Board of Commissioners adopts the budget through passage of a budget resolution.

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits – State statutes classify monies held by the Authority into three categories:

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate 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 December 31, 2013, the carrying amount of the Authority's deposits totaled \$220,683 and its bank balance was \$223,286. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2013, all deposits were 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 exceeding FDIC are collateralized with eligible securities in amounts equal to at least 105 percent 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. All agency deposits at December 31, 2013, were covered by FDIC.

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 3: RESTRICTED CASH AND INVESTMENT

Restricted cash balance as of December 31, 2013 was \$82,936 and it represented the following:

- HUD advances for housing assistance payments	\$73,772
- FSS Escrow Funds held for clients	9,164
	\$82,936
Total Restricted Cash on Hand	\$82,936

NOTE 4: CAPITAL ASSETS:

The following is the change in capital assets:

	Balance 12/31/12	Additions	Deletion	Balance 12/31/13
Capital Assets Being Depreciated:				
Furnt, Mach. and Equip. – Admin	\$171,787	\$1,459	\$0	\$173,246
Leasehold Improvements	20,305	0	0	20,305
Total Capital Assets Being Depreciated	192,092	1,459	0	193,551
Accumulated Depreciation:				
Furnt, Mach. and Equip. – Admin	(106,629)	(17,892)	0	(124,521)
Leasehold Improvements	(2,970)	(1,353)	0	(4,323)
Total Accumulated Depreciation	(109,599)	(19,245)	0	(128,844)
Total Capital Assets, Net	\$82,493	(\$17,786)	\$0	\$64,707

NOTE 5: DEFINED BENEFIT PENSION PLANS

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20%

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

per year). Under the Member-Direct 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 provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. 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 to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer rates were consistent across all three plans. The 2013 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended December 31, 2013, 2012, and 2011 amounted to \$39,326, \$39,329 and \$43,222. All required contributions have been made through December 31, 2013.

NOTE 6: POST-EMPLOYMENT BENEFITS

A. Plan Description

The Public Employees Retirement System of Ohio (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 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 do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 6: POST-EMPLOYMENT BENEFITS (Continued)

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.

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 contributions allocated to health care for members in the Traditional Plan was 1.0 percent for the year ended December 31, 2013.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended December 31, 2013, 2012 and 2011 which were used to fund post-employment benefits were \$3,933, \$16,980 and \$16,980 respectively.

HANCOCK METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (CONTINUED)

NOTE 6: POST-EMPLOYMENT BENEFITS (Continued)

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 the approved health care charges, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 7: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2013 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 8: CAPITAL LEASE OBLIGATIONS

The Authority entered into a capital lease for a copier in August, 2011. The lease calls for monthly payments of \$301 through July, 2015. The total cost for the asset under the lease was \$10,995; accumulated amortization totaled \$6,607 as of December 31, 2013.

Future minimum payments under this lease are as follows as of December 31, 2013:

2014	\$ 3,612
2015	<u>2,408</u>
Total Payments	6,020
Less: Amount Representing Interest	<u>686</u>
Total Capital Lease Obligation	5,334
Current Portion of Capital Lease Obligation	<u>3,061</u>
Capital Lease Obligation, Less Current Portion	<u>\$ 2,273</u>

The following is a summary of changes in debt.

	Balance 12/31/12	Increase	Decrease	Balance 12/31/13	Due within One Year
Total Liability	\$8,000	\$0	(\$2,666)	\$5,334	\$3,061

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 9: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

NOTE 10: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments 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 December 31, 2013.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2013, the Authority was not aware of any such matters.

NOTE 11: SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through June 26, 2014, the date on which the financial statements were available to be issued.

Hancock Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2013

	14.871 Housing Choice Voucher	14.181 Supportive Housing for Persons with Disabilities	State and Local	ELIM	Total
111 Cash - Unrestricted	\$117,472	\$0	\$20,275	\$0	\$137,747
113 Cash - Other Restricted	\$82,936	\$0	\$0	\$0	\$82,936
100 Total Cash	\$200,408	\$0	\$20,275	\$0	\$220,683
122 Accounts Receivable - HUD Other Projects	\$0	\$32,996	\$0	\$0	\$32,996
124 Accounts Receivable - Other Government	\$0	\$0	\$7,784	\$0	\$7,784
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$5,628	\$0	\$5,628
128 Fraud Recovery	\$79,311	\$0	\$0	\$0	\$79,311
128.1 Allowance for Doubtful Accounts - Fraud	(\$56,504)	\$0	\$0	\$0	(\$56,504)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$22,807	\$32,996	\$13,412	\$0	\$69,215
142 Prepaid Expenses and Other Assets	\$8,434	\$0	\$0	\$0	\$8,434
144 Inter Program Due From	\$0	\$0	\$28,192	(\$28,192)	\$0
150 Total Current Assets	\$231,649	\$32,996	\$61,879	(\$28,192)	\$298,332
164 Furniture, Equipment & Machinery - Administration	\$173,246	\$0	\$0	\$0	\$173,246
165 Leasehold Improvements	\$20,305	\$0	\$0	\$0	\$20,305
166 Accumulated Depreciation	(\$128,844)	\$0	\$0	\$0	(\$128,844)
160 Total Capital Assets, Net of Accumulated Depreciation	\$64,707	\$0	\$0	\$0	\$64,707
180 Total Non-Current Assets	\$64,707	\$0	\$0	\$0	\$64,707
190 Total Assets	\$296,356	\$32,996	\$61,879	(\$28,192)	\$363,039
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$296,356	\$32,996	\$61,879	(\$28,192)	\$363,039
312 Accounts Payable <= 90 Days	\$1,854	\$0	\$0	\$0	\$1,854
321 Accrued Wage/Payroll Taxes Payable	\$2,123	\$0	\$0	\$0	\$2,123
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$3,061	\$0	\$0	\$0	\$3,061
345 Other Current Liabilities	\$0	\$0	\$3,972	\$0	\$3,972
347 Inter Program - Due To	\$0	\$28,192	\$0	(\$28,192)	\$0
310 Total Current Liabilities	\$7,038	\$28,192	\$3,972	(\$28,192)	\$11,010
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$2,273	\$0	\$0	\$0	\$2,273
353 Non-current Liabilities - Other	\$9,164	\$0	\$0	\$0	\$9,164

Hancock Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2013

	14.871 Housing Choice Voucher	14.181 Supportive Housing for Persons with Disabilities	State and Local	ELIM	Total
354 Accrued Compensated Absences - Non Current	\$1,563	\$0	\$0	\$0	\$1,563
350 Total Non-Current Liabilities	\$13,000	\$0	\$0	\$0	\$13,000
300 Total Liabilities	\$20,038	\$28,192	\$3,972	(\$28,192)	\$24,010
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$59,373	\$0	\$0	\$0	\$59,373
511.4 Restricted Net Position	\$73,772	\$0	\$0	\$0	\$73,772
512.4 Unrestricted Net Position	\$143,173	\$4,804	\$57,907	\$0	\$205,884
513 Total Equity - Net Assets / Position	\$276,318	\$4,804	\$57,907	\$0	\$339,029
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$296,356	\$32,996	\$61,879	(\$28,192)	\$363,039
70600 HUD PHA Operating Grants	\$2,831,024	\$364,514	\$0	\$0	\$3,195,538
71400 Fraud Recovery	\$18,310	\$0	\$0	\$0	\$18,310
71500 Other Revenue	\$20,790	\$0	\$62,775	\$0	\$83,565
70000 Total Revenue	\$2,870,124	\$364,514	\$62,775	\$0	\$3,297,413
91100 Administrative Salaries	\$237,891	\$36,894	\$6,115	\$0	\$280,900
91200 Auditing Fees	\$9,839	\$986	\$0	\$0	\$10,825
91400 Advertising and Marketing	\$141	\$0	\$0	\$0	\$141
91500 Employee Benefit contributions - Administrative	\$76,120	\$11,805	\$1,956	\$0	\$89,881
91600 Office Expenses	\$64,316	\$0	\$0	\$0	\$64,316
91800 Travel	\$2,066	\$0	\$0	\$0	\$2,066
91900 Other	\$12,756	\$0	\$0	\$0	\$12,756
91000 Total Operating - Administrative	\$403,129	\$49,685	\$8,071	\$0	\$460,885
94300 Ordinary Maintenance and Operations Contracts	\$553	\$0	\$0	\$0	\$553
94000 Total Maintenance	\$553	\$0	\$0	\$0	\$553
96110 Property Insurance	\$5,639	\$0	\$0	\$0	\$5,639
96100 Total insurance Premiums	\$5,639	\$0	\$0	\$0	\$5,639
96200 Other General Expenses	\$2,423	\$0	\$0	\$0	\$2,423
96000 Total Other General Expenses	\$2,423	\$0	\$0	\$0	\$2,423
96710 Interest of Mortgage (or Bonds) Payable	\$946	\$0	\$0	\$0	\$946

Hancock Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2013

	14.871 Housing Choice Voucher	14.181 Supportive Housing for Persons with Disabilities	State and Local	ELIM	Total
96700 Total Interest Expense and Amortization Cost	\$946	\$0	\$0	\$0	\$946
96900 Total Operating Expenses	\$412,690	\$49,685	\$8,071	\$0	\$470,446
97000 Excess of Operating Revenue over Operating Expenses	\$2,457,434	\$314,829	\$54,704	\$0	\$2,826,967
97300 Housing Assistance Payments	\$2,551,947	\$314,829	\$51,360	\$0	\$2,918,136
97350 HAP Portability-In	\$15,382	\$0	\$0	\$0	\$15,382
97400 Depreciation Expense	\$19,245	\$0	\$0	\$0	\$19,245
90000 Total Expenses	\$2,999,264	\$364,514	\$59,431	\$0	\$3,423,209
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$129,140)	\$0	\$3,344	\$0	(\$125,796)
11020 Required Annual Debt Principal Payments	\$2,666	\$0	\$0	\$0	\$2,666
11030 Beginning Equity	\$405,458	\$4,804	\$54,563	\$0	\$464,825
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$202,546	\$0	\$0	\$0	\$202,546
11180 Housing Assistance Payments Equity	\$73,772	\$0	\$0	\$0	\$73,772
11190 Unit Months Available	9,468	900	167	0	10,535
11210 Number of Unit Months Leased	8,206	900	167	0	9,273

Hancock Metropolitan Housing Authority
 Schedule of Expenditure of Federal Award
 For the Year Ended December 31, 2013

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Housing Choice Voucher Program	14.871	\$2,831,024
Supportive Housing for Persons with Disabilities	14.181	<u>364,514</u>
Total Expenditure of Federal Award		<u>\$3,195,538</u>



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

Board of Commissioners
Hancock Metropolitan Housing Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Hancock Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Hancock Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated June 26, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Hancock Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hancock Metropolitan Housing Authority, Ohio's, internal control. Accordingly, I do not express an opinion on the effectiveness of Hancock Metropolitan Housing Authority, Ohio's internal control.

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

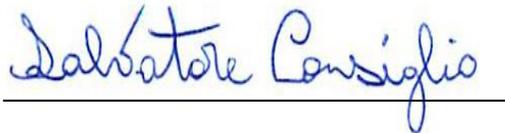
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 26, 2014



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Commissioners
Hancock Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Hancock Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hancock Metropolitan Housing Authority's major federal programs for the year ended December 31, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Hancock Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Hancock Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control over Compliance

Management of the Hancock Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 26, 2014

Hancock Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 December 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weakness reported at the financial statement level (GAGAS)?	No
Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness reported for any major federal programs?	No
Were there any other significant internal control deficiency reported for the major federal programs?	No
Type of report issued on compliance for major programs	Unmodified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 Housing choice Voucher Program; 14.181 Supportive Housing for Persons with Disabilities
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2013.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended December 31, 2013.

Hancock Metropolitan Housing Authority
 Schedule of Prior Year Audit Findings
 December 31, 2013

The following is the status of prior year audit findings:

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-1	Financial Statements	Yes	Corrected – Audit procedure revealed no exception.

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Dave Yost • Auditor of State

HANCOCK METROPOLITAN HOUSING AUTHORITY

HANCOCK 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
AUGUST 5, 2014**