

**HANCOCK METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Hancock Metropolitan Housing Authority, Hancock County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2014 through December 31, 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 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

June 24, 2015

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**HANCOCK METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hancock Metropolitan Housing Authority
Findlay, Ohio 45840

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Hancock Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 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 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Authority'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 Authority's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hancock Metropolitan Housing Authority, as of December 31, 2014, and the respective changes in financial position, and cash flows thereof for the year 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 on pages 4 through 8 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hancock Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures 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 Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards, 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 our opinion, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards 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*, we have also issued our report dated June 3, 2015, on our consideration of the Hancock Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James
G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@bcglobal.net, c=US
Date: 2015.06.16 14:52:59 -0400

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

June 3, 2015

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

This Management’s Discussion and Analysis (MD&A) for the Hancock Metropolitan Housing Authority (Hancock MHA) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Hancock MHA’s financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2014, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

OVER VIEW OF THE FINANCIAL STATEMENTS

The basic Financial Statements included elsewhere in this report are:

- The Statement of Net Position.
- The Statement of Revenues, Expenses and Changes in Net Position, and
- The Statement of Cash Flows.

The *Statement of Net Position* is very similar to, and what most people would think of as, a balance sheet. In the first half it reports the value of assets Hancock MHA holds at December 31, 2014, that is, the cash Hancock MHA has, the amounts that are owed Hancock MHA from others, and the value of the equipment Hancock MHA owns. In the other half of the report it shows the liabilities Hancock MHA has, that is, what Hancock MHA owes others at December 31, 2014; and what Net Position (or what is commonly referred to as Equity) Hancock MHA has at December 31, 2014. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet, in that the total of the assets part equals the total of the liabilities plus Net Position (or equity) part.

In the statement, the Net Position part is broken out into three board categories:

- Net Investment in Capital Assets
- Restricted Net Position, and
- Unrestricted Net Position.

The balance in Net Investment in Capital Assets reflects the value of capital assets, that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owed on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statements that are restricted for use by law or regulation, or when the use of those assets is restricted by constraints placed on the assets by creditors.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

The balance in Unrestricted Net Position is what is left over of Net Position after what is classified in the two previously mentioned components of Net Position. It reflects the value of assets available to Hancock MHA to use to further its purpose.

The *Statement of Revenues, Expenses & Changes in Net Position* is very similar to and may commonly be referred to as an Income Statement. It essentially is a report showing what Hancock MHA earned, that is what its revenues or incomes were, and what expenses Hancock MHA had over the same period. It shows how the Net Position (or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if Hancock MHA had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the Net Position. The bottom line of the report, the Ending Total Net Position, is what is referred to in the above discussion of the Statement of Net Position that when added to the liabilities Hancock MHA has equals the total assets Hancock MHA has.

The *Statement of Cash Flows* is a report that shows how the amount of cash Hancock MHA had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in and the cash going out. It helps the reader to understand the sources and uses of cash by Hancock MHA during the year to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Hancock MHA's Business Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all programs, or business-type funds of Hancock MHA. Hancock MHA consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

Hancock MHA's programs include the following:

The Section 8 Housing Programs (Housing Choice Vouchers and Mainstream Vouchers), and
The State and Local program.

Under the Section 8 Housing Programs, Hancock MHA subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. They are called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

Under its State and Local program, Hancock MHA operates rental assistance programs structured similarly to the Section 8 programs but funding for the programs flows to Hancock MHA through local governments.

THE AUTHORITY'S STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to the prior year

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

	2014	2013
<u>Assets</u>		
Current and Other Assets	\$ 156,000	\$ 298,000
Capital Assets	48,000	65,000
Total Assets	\$ 204,000	\$ 363,000
<u>Liabilities</u>		
Current Liabilities	\$ 8,000	\$ 11,000
Long-Term Liabilities	19,000	13,000
Total Liabilities	27,000	24,000
<u>Net Position</u>		
Net Investment in Capital Assets	46,000	59,000
Restricted	38,000	74,000
Unrestricted	93,000	206,000
Total Net Position	177,000	339,000
Total Liabilities and Net Position	\$ 204,000	\$ 363,000

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

Total Net Position decreased from the prior year-end by about \$162,000. The greatest loss was to Unrestricted Net Position (about \$109,000 or 53 percent), 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 \$142,000 or 48 percent) corresponds primarily to the reduction in Unrestricted Net Position. Liabilities remained virtually unchanged. 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.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

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

**Table 2- Modified Statement of Revenues, Expenses and Changes in Net Position
(Values Rounded to Nearest Thousand)**

<u>Revenues</u>	<u>2014</u>	<u>2013</u>
Operating Subsidies and Grants	\$ 2,774,000	\$ 3,195,000
Other Revenues	62,000	102,000
Total Revenues	<u>2,836,000</u>	<u>3,297,000</u>
<u>Expenses</u>		
Administrative	460,000	461,000
Maintenance	4,000	1,000
General and Interest	10,000	9,000
Housing Assistance Payments	2,507,000	2,933,000
Depreciation	17,000	19,000
Total Expenses	<u>2,998,000</u>	<u>3,423,000</u>
Net Increase (Decrease)	<u>\$ (162,000)</u>	<u>\$ (126,000)</u>

For more detailed information see Combined Statement of Revenues, Expenses, and Changes in Net Position presented elsewhere in this report.

HUD funding for the Agency's two programs dropped considerably. Funding for the Section 8 Housing Choice Voucher program dropped almost \$400,000, and funding for the Main Stream Voucher program dropped about \$20,000. The drop in the funding from HUD 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 reduction virtually isolated in Housing Assistance Payments made. This reflects the Agency being able to provide less rental assistance to fewer clients because less funding is available to the Agency for that purpose.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)**

The following is a condensed *Statement of Changes in Capital Assets* comparing the balance in capital assets at the year-end versus at the end of the prior year.

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

	2014	2013
Buildings and Improvements	\$ 20,000	\$ 20,000
Equipment	174,000	174,000
Accumulated Depreciation	(146,000)	(129,000)
Total	<u>\$ 48,000</u>	<u>\$ 65,000</u>

The Agency had no equipment additions in the period. The change in the period is due to depreciation taken on assets the Agency has.

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 Outstanding
(Values Rounded to Nearest Thousand)**

	2014	2013
Current Portion of Debt	\$ 2,000	\$ 3,000
Long Term Portion of Debt	0	2,000
Total	<u>\$ 2,000</u>	<u>\$ 5,000</u>

Debt of the Agency is for a copier lease.

Economic Factors

Funding for administration of Agency programs has suffered deep cuts in recent period. Cuts in funding from HUD for the administration of Agency programs present 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.

Financial 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 FUND
DECEMBER 31, 2014

<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 61,747
Restricted Cash and Cash Equivalents	53,185
Receivables, Net	29,463
Prepaid Expenses and Other Assets	<u>11,960</u>
Total Current Assets	<u>156,355</u>
 <u>Noncurrent Assets</u>	
Capital Assets:	
Depreciable Capital Assets, Net	<u>47,811</u>
Total Noncurrent Assets	<u>47,811</u>
 TOTAL ASSETS	 <u>\$ 204,166</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 223
Accrued Liabilities	1,688
Current Portion of Long-Term Debt	2,273
Other Current Liabilities	<u>4,155</u>
Total Current Liabilities	<u>8,339</u>
 <u>Noncurrent Liabilities</u>	
Accrued Compensated Absences Non-Current	4,140
Other Non-Current Liabilities	<u>14,552</u>
Total Noncurrent Liabilities	<u>18,692</u>
Total Liabilities	<u>27,031</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	45,538
Restricted	38,633
Unrestricted	<u>92,964</u>
Total Net Position	<u>177,135</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 204,166</u>

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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Operating Revenues</u>	
Government Operating Grants	\$ 2,774,253
Other Revenues	<u>61,455</u>
Total Operating Revenues	<u>2,835,708</u>
<u>Operating Expenses</u>	
Administrative	460,365
Maintenance	3,491
General	9,146
Housing Assistance Payments	2,507,153
Depreciation	<u>16,896</u>
Total Operating Expenses	<u>2,997,051</u>
Operating Income (Loss)	<u>(161,343)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Expense	<u>(551)</u>
Total Non-Operating Revenues	<u>(551)</u>
 Change in Net Position	 (161,894)
 Total Net Position at Beginning of Year	 <u>339,029</u>
 Total Net Position at End of Year	 <u>\$ 177,135</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, 2014

<u>Cash Flows from Operating Activities</u>	
Cash Received from Federal Operating Grants	\$ 2,811,659
Cash Received Other Revenue	63,801
Cash Payments for Administrative and General Expenses	(470,446)
Cash Payments for Housing Assistance	<u>(2,507,153)</u>
Net Cash Provided (Used) by Operating Activities	<u>(102,139)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Retirement of Debt	(3,061)
Interest Paid	<u>(551)</u>
Net Cash Provided by Capital and Other Related Financing Activities	<u>(3,612)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(105,751)
Cash and Cash Equivalents at Beginning of Year	<u>220,683</u>
Cash and Cash Equivalents at End of Year	<u>\$ 114,932</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Net Operating Income (Loss)	\$ (161,343)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	16,896
(Increase) Decrease in:	
Accounts Receivable	39,752
Prepaid Expenses	(3,526)
Increase (Decrease) in:	
Accounts Payable	(1,631)
Accrued Liabilities	(435)
Other Current Liabilities	183
Other Non-Current Liabilities	<u>7,965</u>
Net Cash Provided by Operating Activities	<u>\$ (102,139)</u>

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, 2014

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 No. 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, 2014
(CONTINUED)

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

Reporting Entity (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.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

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 changes 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 flow of economic resources measurement focus. All assets and all liabilities associated with the operations of the Authority are included on the statement of net position. The statement of change 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, 2014
(CONTINUED)

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

Enterprise Fund (Continued)

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

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

Section 8 Programs

Under the Section 8 Housing Choice Voucher and Mainstream Voucher Programs, the Authority subsidizes the rents of low-income families that rent from private landlords. 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.

State on Local Program

The State and Local Program functions similarly to the Section 8 Housing Programs. The source of funding is local government.

Cash and Cash Equivalents

For the purpose of the statements 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.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2014, 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.

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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

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 \$1,000 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	25 - 40 years
Building Improvements	15 - 25 years
Furniture, Equipment, and Machinery	3-7 years

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

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 accumulated payments 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.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, and 2) it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

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

Compensated Absences (Continued)

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

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

	Balance <u>12/31/2013</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>12/31/2014</u>	Due Within <u>a Year</u>
Total Liability	\$ <u>1,563</u>	\$ <u>15,408</u>	\$ <u>(12,831)</u>	\$ <u>4,140</u>	\$ <u>0</u>

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.

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HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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 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 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 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 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's 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 the 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, 2014, the carrying amount of the Authority's deposits totaled \$114,932, and its bank balance was \$118,662. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2014, all deposits were covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of a 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 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, 2014, were covered by FDIC.

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 3: RESTRICTED CASH AND INVESTMENT

The restricted cash balance as of December 31, 2014 was \$53,185 and it represents the following:

- HUD advances for Housing Assistance Payments	\$ 38,633
- FSS Escrow Funds held for clients	14,552
Total Restricted Cash on Hand	<u>\$ 53,185</u>

NOTE 4: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year:

	<u>Balance</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/14</u>
<i>Capital Assets Being Depreciated:</i>				
Furniture, Machinery, and Equipment - Admin.	\$ 173,246	\$ 0	\$ 0	\$ 173,246
Leasehold Improvements	<u>20,305</u>	<u>0</u>	<u>0</u>	<u>20,305</u>
<i>Total Capital Assets Being Depreciated</i>	<u>193,551</u>	<u>0</u>	<u>0</u>	<u>193,551</u>
<i>Accumulated Depreciation:</i>				
Furniture, Machinery, and Equipment	(124,521)	(15,543)	0	(140,064)
Leasehold Improvements	<u>(4,323)</u>	<u>(1,353)</u>	<u>0</u>	<u>(5,676)</u>
<i>Total Accumulated Depreciation</i>	<u>(128,844)</u>	<u>(16,896)</u>	<u>0</u>	<u>(145,740)</u>
Total Capital Assets, Net	<u>\$ 64,707</u>	<u>\$ (16,896)</u>	<u>\$ 0</u>	<u>\$ 47,811</u>

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HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 5: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

All full-time employees of the Authority participate in the Ohio Public Employees Retirement System (OPERS). The Ohio Public Employees Retirement System administers three separate pension plans as described below:

- The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan.
- The Member-Directed Plan (MD) - a benefit contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings.
- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor, death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at www.opers.org/investments/cafr.shtml

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 5: **DEFINED BENEFIT PENSION PLAN** (Continued)

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14.00 percent of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2014, 2013, and 2012, were \$39,964, \$39,326, and \$39,329, respectively. The full amount has been contributed for 2014, 2013, and 2012.

NOTE 6: **POST-EMPLOYMENT 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 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 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.

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

OPERS issues 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 2014, 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 employers units. Active members do not make contributions to the OPEB Plan.

OPER's Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Board of Trustees determines that 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 and Combined Plan was 2.0 percent for the year ended December 31, 2014.

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, 2014, 2013, and 2012 which were used to fund post-employment benefits were \$5,709, 3,933 and \$16,980, respectively.

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 changes, 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.

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

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, 2014, 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 OBLIGATION

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, 2014.

Future minimum payments under this lease are as follows as of December 31, 2014:

2015	\$ 2,408
Total Payments	2,408
Less: Amount Representing Interest	135
Total Capital Lease Obligation	<u>2,273</u>
Current Portion of Capital Lease Obligation	<u>\$ 2,273</u>

The following is a summary of changes in debt.

	Balance <u>12/31/2013</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>12/31/2014</u>	Due Within <u>a Year</u>
Total Liability	<u>\$ 5,334</u>	<u>\$ 0</u>	<u>\$ (3,061)</u>	<u>\$ 2,273</u>	<u>\$ 2,273</u>

NOTE 9: NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

HANCOCK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: **CONTINGENCIES**

Grants

Amount 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, 2014.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2014, the Authority was not aware of any such matters.

NOTE 11: **IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

For 2014, the Authority has implemented GASB No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

The objective of GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, is to improve financial reporting by state and local governmental pension plans. The provisions of Statement 67 are effective for financial statements for fiscal years beginning after June 15, 2013 and did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of Statement No. 69 are effective for government combinations and disposal of government operations occurring in financial reporting periods beginning after December 15, 2013 and the implementation of this statement did not result in any change in the Authority's financial statements.

The objective of GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of Statement No. 70 are effective for financial statements for reporting beginning after June 15, 2013 and the implementation of this statement did not result in any change in the Authority's financial statements.

HANCOCK METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2014

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	State/Local	14.181 Supportive Housing for Persons with Disabilities	Subtotal	ELIM	Total
111 Cash - Unrestricted	10,579		51,168		61,747		61,747
113 Cash - Other Restricted	44,891	8,294			53,185		53,185
100 Total Cash	55,470	8,294	51,168	-	114,932	-	114,932
124 Accounts Receivable - Other Government			3,374		3,374		3,374
125 Accounts Receivable - Miscellaneous			9,027		9,027		9,027
128 Fraud Recovery	82,701				82,701		82,701
128.1 Allowance for Doubtful Accounts - Fraud	-65,639				-65,639		-65,639
120 Total Receivables, Net of Allowances for Doubtful Accounts	17,062	-	12,401	-	29,463	-	29,463
142 Prepaid Expenses and Other Assets	11,960				11,960		11,960
150 Total Current Assets	84,492	8,294	63,569	-	156,355	-	156,355
164 Furniture, Equipment & Machinery - Administration	173,246				173,246		173,246
165 Leasehold Improvements	20,305				20,305		20,305
166 Accumulated Depreciation	-145,740				-145,740		-145,740
160 Total Capital Assets, Net of Accumulated Depreciation	47,811	-	-	-	47,811	-	47,811
180 Total Non-Current Assets	47,811	-	-	-	47,811	-	47,811
200 Deferred Outflow of Resources					-		-
290 Total Assets and Deferred Outflow of Resources	132,303	8,294	63,569	-	204,166	-	204,166
312 Accounts Payable <= 90 Days	223				223		223
321 Accrued Wage/Payroll Taxes Payable	1,688				1,688		1,688
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	2,273				2,273		2,273
345 Other Current Liabilities			1,316		1,316		1,316
346 Accrued Liabilities - Other	2,839				2,839		2,839
310 Total Current Liabilities	7,023	-	1,316	-	8,339	-	8,339
353 Non-current Liabilities - Other	14,552				14,552		14,552
354 Accrued Compensated Absences - Non Current	4,140				4,140		4,140
350 Total Non-Current Liabilities	18,692	-	-	-	18,692	-	18,692
300 Total Liabilities	25,715	-	1,316	-	27,031	-	27,031
400 Deferred Inflow of Resources					-		-
508.4 Net Investment in Capital Assets	45,538				45,538		45,538
511.4 Restricted Net Position	30,339	8,294			38,633		38,633
512.4 Unrestricted Net Position	30,711		62,253		92,964		92,964
513 Total Equity - Net Assets / Position	106,588	8,294	62,253	-	177,135	-	177,135
600 Total Liab, Def. Inflow of Res., and Equity - Net Assets / Position	132,303	8,294	63,569	-	204,166	-	204,166

**HANCOCK METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	State/Local	14.181 Supportive Housing for Persons with Disabilities	Subtotal	ELIM	Total
70600 HUD PHA Operating Grants	2,430,004	344,249			2,774,253		2,774,253
71400 Fraud Recovery	6,794				6,794		6,794
71500 Other Revenue	15,683		38,978		54,661		54,661
70000 Total Revenue	2,452,481	344,249	38,978	-	2,835,708	-	2,835,708
91100 Administrative Salaries	252,480	28,290	7,320		288,040		288,040
91200 Auditing Fees	9,433	1,100			10,533		10,533
91400 Advertising and Marketing	161				161		161
91500 Employee Benefit contributions - Administrative	80,061	8,975	2,326		91,362		91,362
91600 Office Expenses	53,628				53,628		53,628
91700 Legal Expense	320				320		320
91800 Travel	608				608		608
91900 Other	15,260			458	15,718		15,718
91000 Total Operating - Administrative	411,896	38,365	9,646	458	460,365	-	460,365
94300 Ordinary Maintenance and Operations Contracts	3,491				3,491		3,491
94000 Total Maintenance	3,491	-	-	-	3,491	-	3,491
96120 Liability Insurance	7,891				7,891		7,891
96100 Total insurance Premiums	7,891	-	-	-	7,891	-	7,891
96200 Other General Expenses	1,255				1,255		1,255
96000 Total Other General Expenses	1,255	-	-	-	1,255	-	1,255
96710 Interest of Mortgage (or Bonds) Payable	551				551		551
96700 Total Interest Expense and Amortization Cost	551	-	-	-	551	-	551
96900 Total Operating Expenses	425,084	38,365	9,646	458	473,553	-	473,553
97000 Excess of Operating Revenue over Operating Expenses	2,027,397	305,884	29,332	-458	2,362,155	-	2,362,155
97300 Housing Assistance Payments	2,168,226	297,390	29,332		2,495,148		2,495,148
97350 HAP Portability-In	12,005				12,005		12,005
97400 Depreciation Expense	16,896				16,896		16,896
90000 Total Expenses	2,622,211	335,955	38,978	458	2,997,602	-	2,997,602
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-169,730	8,294	-	-458	-161,894	-	-161,894
11080 Beginning Equity	276,318		57,907	4,804	339,029		339,029
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			4,346	-4,346	-		-
11170 Administrative Fee Equity	76,249				76,249		76,249
11180 Housing Assistance Payments Equity	30,339				30,339		30,339
11190 Unit Months Available	9,468	900	120		10,488		10,488
11210 Number of Unit Months Leased	7,104	900	120		8,124		8,124

**HANCOCK METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
<i>Housing Voucher Cluster:</i>		
Housing Choice Voucher Program	14.871	\$ 2,430,004
Mainstream Vouchers	14.879	<u>344,249</u>
Total U.S. Department of Housing and Urban Development		<u>2,774,253</u>
Total Federal Awards		<u>\$ 2,774,253</u>

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

Board of Directors
Hancock Metropolitan Housing Authority
Findlay, Ohio 45840

Regional Inspector General for Audit
Department of Housing and Urban
Development

We 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 Hancock Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority'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 Authority'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.

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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 the Hancock Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka,
CPA, President

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2015.06.16 14:53:46 -0400

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

June 3, 2015

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

Certified Public Accountants

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

Board of Directors
Hancock Metropolitan Housing Authority
Findlay, Ohio 45840

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Hancock Metropolitan Housing Authority, Ohio'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 the Hancock Metropolitan Housing Authority, Ohio's major federal program for the year ended December 31, 2014. The Hancock Metropolitan Housing Authority, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Hancock Metropolitan Housing Authority, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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 its major federal programs for the year ended December 31, 2014.


Report on Internal Control Over Compliance

The management of the Hancock Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of the compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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, we 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.

Our 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. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our 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.

James G. Zupka,  Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James
G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2015.06.16 14:54:11 -0400

James G. Zupka CPA, Inc.
Certified Public Accountants

June 3, 2015

**HANCOCK METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

2014(i)	Type of Financial Statement Opinion	Unmodified
2014(ii)	Were there any material control weaknesses reported at the financial statement level? (GAGAS)?	No
2014(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2014(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2014(iv)	Were there any material internal control weaknesses reported for major Federal programs?	No
2014(iv)	Were there any significant deficiencies in internal control reported to major federal programs?	No
2014(v)	Type of Major Programs' Compliance Opinion	Unmodified
2014(vi)	Are there any reportable findings under .510(a)?	No
2014(vii)	Major Programs (list): Housing Voucher Cluster: Housing Choice Voucher Program - CFDA #14.871 Mainstream Vouchers - CFDA #14.879	
2014(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2014(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**HANCOCK METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The prior audit report, as of December 31, 2013 included no citations or management letter comments.



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
JULY 7, 2015**