

**TUSCARAWAS METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE FISCAL YEAR  
ENDED MARCH 31, 2013**

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





# Dave Yost • Auditor of State

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
134 2nd Street SW  
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the Tuscarawas Metropolitan Housing Authority, Tuscarawas County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2012 through March 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 Tuscarawas 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

November 26, 2013

**This page intentionally left blank.**

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

---

---

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements:	
Statement of Net Position	12
Statement of Revenues, Expenses and Changes in Net Position	13
Statement of Cash Flows	14
Notes to the Basic Financial Statements	15-29
Supplemental Data:	
Financial Data Schedules:	
Entity Wide Balance Sheet Summary	30-31
Entity Wide Revenue and Expense Summary	32-33
Schedule of Expenditures of Federal Awards	34
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35-36
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	37-38
Schedule of Findings and Questioned Costs	39
Status of Prior Year Findings	40

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

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 Tuscarawas Metropolitan Housing Authority, Ohio as of and for the year ended March 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***

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 Tuscarawas Metropolitan Housing Authority, Ohio, as of March 31, 2013, and the respective changes in financial position, and 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 on pages 4 and 11 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 Tuscarawas Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not 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 date September 10, 2013, on our consideration of the Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.

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

September 10, 2013

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(Unaudited)**

---

---

The Tuscarawas Metropolitan Housing Authority’s (the “Authority”) Management’s Discussion and Analysis is designed to **a)** assist the reader in focusing on significant financial issues, **b)** provide an overview of the Authority’s financial activity, **c)** identify changes in the Authority’s financial position (its ability to address the next and subsequent fiscal year challenges), and **d)** identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Authority’s financial statements, which begin on page 12.

**Financial Highlights**

The current year financial highlights were separated to identify changes in the Tuscarawas Metropolitan Housing Authority and its component units separately.

- During fiscal year 2013, the Authority’s net position decreased by \$19,475 and the component units net position decreased by \$50,842.
- The Authority’s revenue decreased by \$182,907 and its component unit’s revenue decreased by \$9,718.
- The total expenses of the Authority decreased by \$107,463 and the component unit’s expenses decreased by \$1,156.

**Using This Annual Report**

This report includes three major sections, the Management’s Discussion and Analysis (MD&A), the Basic Financial Statements, and Other Required Supplementary Information.

**MD&A**

Management’s Discussion and Analysis

**Basic Financial Statements**

Authority-Wide Financial Statements  
Notes to the Basic Financial Statements

**Other Required Supplementary Information**

Required Supplementary Information - Schedule of Expenditures and Federal Awards

The primary focus of the Authority’s financial statement is on the Authority as a whole (Authority-wide).

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(Unaudited)**

---

---

**Authority-Wide Financial Statements**

The Authority-wide financial statements on pages 11 through 13 are designed to be corporate-like in that all business-type activities are consolidated into columns, which add to a total for the entire Authority. The financial statements of the Authority include component units which are more fully discussed in the Notes to the Financial Statements.

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

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

- *Net Investment in Capital Assets* This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position* This component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
- *Unrestricted Net Position* Consists of net position that do not meet the definition of “Net Investment in Capital Assets”, or “Restricted Net Position”.

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Position, which is similar to an Income Statement. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenues and expenses, such as grant revenue, investment income, and interest expense.

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

Finally, a Statement of Cash Flows on page 14 is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(Unaudited)**

---

---

**Fund Financial Statements**

The Authority is accounted for using a single enterprise fund. The enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Some of the programs operated by the Authority are required to be reported separately by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**The Authority's Programs**

**Business-Type Program**

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

*Other Programs* In addition to the program above, the Authority also operates the following programs:

- Business Activities - represents non-HUD resources primarily from housing management services.
- Shelter Plus Care Program - provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.
- Community Home Improvement Program - Tuscarawas Metropolitan Housing Authority is under contract with the City of New Philadelphia, the City of Dover and Tuscarawas County to oversee tenant based rental assistance programs.

**Component Units**

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(Unaudited)**

**Authority-Wide Statements**

The following is a condensed **Statement of Net Position** compared to the prior year-end. Tuscarawas Metropolitan Housing Authority is engaged only in business-type activities.

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

<u>Primary Government</u>	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Current Assets	\$ 441,866	\$ 451,327
Capital Assets	294,945	313,087
<b>Total Assets</b>	<b><u>\$ 736,811</u></b>	<b><u>\$ 764,414</u></b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 42,750	\$ 46,096
Long-term Liabilities	308,948	313,730
<b>Total Liabilities</b>	<b><u>351,698</u></b>	<b><u>359,826</u></b>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	54,445	65,387
Restricted	185,607	195,378
Unrestricted	145,061	143,823
<b>Total Net Position</b>	<b><u>385,113</u></b>	<b><u>404,588</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 736,811</u></b>	<b><u>\$ 764,414</u></b>

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

**Component Units**

<b><u>Assets</u></b>		
Current Assets	\$ 70,401	\$ 62,171
Capital Assets	1,248,084	1,293,781
Noncurrent Assets	0	10
<b>Total Assets</b>	<b><u>\$ 1,318,485</u></b>	<b><u>\$ 1,355,962</u></b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 89,569	\$ 63,674
Long-Term Liabilities	1,471,857	1,484,387
<b>Total Liabilities</b>	<b><u>1,561,426</u></b>	<b><u>1,548,061</u></b>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	163,717	197,957
Restricted	35,747	24,905
Unrestricted	(442,405)	(414,961)
<b>Total Net Position</b>	<b><u>(242,941)</u></b>	<b><u>(192,099)</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 1,318,485</u></b>	<b><u>\$ 1,355,962</u></b>

For more detail information, see Statement of Net Position presented on page 12.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(Unaudited)**

**Major Factors Affecting the Statement of Net Position**

Assets of the Authority decreased by \$27,603 and liabilities decreased by \$8,128. The decrease in assets was mainly due to a decrease in cash for housing assistance payments received in excess of expenditure in the housing choice voucher program. Total liabilities decreased, mainly due to end of year accrual adjustments.

The Assets of the Authority's component units decreased by \$37,477 and the liabilities increased by \$13,365. The decrease in assets was due to current year depreciation expense.

Table 2 presents details on the change in Net Position.

<b>Table 2 - Change in Net Position</b>			
<b><u>Primary Government</u></b>			
	<u>Investment In Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>
Beginning Balance - March 31, 2012	\$ 65,387	\$ 195,378	\$ 143,823
Results of Operation	0	(9,771)	(9,704)
Adjustments:			
Current Year Depreciation Expense (1)	(18,142)	0	18,142
Current Year Debt Activities, Net	<u>7,200</u>	<u>0</u>	<u>(7,200)</u>
<b>Ending Balance - March 31, 2013</b>	<b><u>\$ 54,445</u></b>	<b><u>\$ 185,607</u></b>	<b><u>\$ 145,061</u></b>
<b><u>Component Units</u></b>			
	<u>Investment In Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>
Beginning Balance - March 31, 2012	\$ 197,957	\$ 24,905	\$ (414,961)
Results of Operation	0	10,842	(61,684)
Adjustments:			
Current Year Depreciation Expense (1)	(47,781)	0	47,781
Capital Expenditure	2,084	0	(2,084)
Current Year Debt Activities, Net	<u>11,457</u>	<u>0</u>	<u>(11,457)</u>
<b>Ending Balance - March 31, 2013</b>	<b><u>\$ 163,717</u></b>	<b><u>\$ 35,747</u></b>	<b><u>\$ (442,405)</u></b>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer change in financial well-being.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(Unaudited)**

The following schedule reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position compared to prior year and compares the revenues and expenses for the current and previously fiscal year. The Authority is engaged in only business-type activities.

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

	2013	2012
<b><u>Primary Government</u></b>		
<b><u>Revenues</u></b>		
Operating Subsidies	\$ 2,345,947	\$ 2,533,498
Investment Income	73	107
Other Revenues	41,080	36,402
<b>Total Revenues</b>	<b>2,387,100</b>	<b>2,570,007</b>
<b><u>Expenses</u></b>		
Administrative	267,168	286,172
Tenant Services	39,497	36,947
Utilities	4,980	4,897
Maintenance	1,497	1,486
General and Interest Expenses	33,367	50,021
Housing Assistance Payments	2,041,924	2,116,373
Depreciation	18,142	18,142
<b>Total Expenses</b>	<b>2,406,575</b>	<b>2,514,038</b>
<b>Net Increases (Decreases)</b>	<b>\$ (19,475)</b>	<b>\$ 55,969</b>
<b><u>Component Units</u></b>		
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 146,347	\$ 156,068
Investment Income	15	12
<b>Total Revenues</b>	<b>146,362</b>	<b>156,080</b>
<b><u>Expenses</u></b>		
Administrative	34,077	34,077
Utilities	31,445	31,445
Maintenance	35,611	35,611
General and Interest Expenses	48,432	48,432
Depreciation	48,795	48,795
<b>Total Expenses</b>	<b>198,360</b>	<b>198,360</b>
<b>Net Increases (Decreases)</b>	<b>\$ (42,280)</b>	<b>\$ (42,280)</b>

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

The revenue of the Primary Government decreased by \$182,907 for the fiscal year. The decrease was mainly due to less grant funds received from HUD for housing assistance.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(Unaudited)**

The component units' revenue decreased by \$9,718 for the fiscal year from tenant revenues.

Total expenses for the Primary Government decreased by \$107,463 for the fiscal year. The main cause for the decrease in expenses is due to less housing assistance payments made during the year because of less funding available.

The component unit expenses decreased for the year by \$1,156.

**Capital Assets**

As of March 31, 2013, the Primary Government had \$294,945 invested in capital assets and the component units had \$1,248,084, as reflected in the following schedule which represents a net decrease (additions, disposals, and depreciation) of \$18,142 for the Authority and \$45,697 for the component units in comparison with prior year.

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

<b>Primary Government</b>		
	2013	2012
Land and Land Rights	\$ 30,000	\$ 30,000
Buildings and Improvements	446,322	446,322
Equipment	59,922	59,922
Accumulated Depreciation	(241,299)	(223,157)
<b>Total</b>	<b>\$ 294,945</b>	<b>\$ 313,087</b>
<b>Component Units</b>		
	2013	2012
Land and Land Rights	\$ 100,000	\$ 100,000
Buildings	1,500,048	1,500,048
Equipment	112,530	110,446
Accumulated Depreciation	(464,494)	(416,713)
<b>Total</b>	<b>\$ 1,248,084</b>	<b>\$ 1,293,781</b>

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 22 of the notes.

**Table 5 - Change in Capital Assets**

	Primary Government	Component Units
Beginning Balance - March 31, 2012	\$ 313,087	\$ 1,293,781
Current Year Additions	0	2,084
Current Year Depreciation Expense	(18,142)	(47,781)
<b>Ending Balance - March 31, 2013</b>	<b>\$ 294,945</b>	<b>\$ 1,248,084</b>
Current year additions are summarized as follows:		
- Equipment	\$ 0	\$ 2,084
<b>Total 2013 Additions</b>	<b>\$ 0</b>	<b>\$ 2,084</b>

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(Unaudited)**

---

**Debt**

The Authority's debt was reduced by \$7,200 and the component unit debt decreased by \$11,457 during fiscal year 2013, a reduction 3 percent and 1 percent respectively. The following is a comparison of the debt outstanding at year end 2013 and year end 2012.

**Table 6 - Changes in Debt Outstanding**

	<u>Primary Government</u>	<u>Component Units</u>
Beginning Balance - March 31, 2012	\$ 247,700	\$ 1,095,824
Current Year Principal Payments	<u>(7,200)</u>	<u>(11,457)</u>
Ending Balance - March 31, 2013	<u>\$ 240,500</u>	<u>\$ 1,084,367</u>

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recession, and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies, and other costs.

**Financial Contact**

The individual to be contacted regarding this report is Martin Howell, Executive Director for the Tuscarawas Metropolitan Housing Authority, at (330) 308-8099. Specific requests may be submitted to the Authority at 134 2<sup>nd</sup> Street S.W., New Philadelphia, Ohio 44663.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2013**

	Primary Government	Component Units
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 91,804	\$ 12,080
Restricted Cash and Cash Equivalents	252,582	48,128
Receivables, Net	90,588	593
Prepaid Expenses and Other Assets	6,892	9,600
<b>Total Current Assets</b>	<b>441,866</b>	<b>70,401</b>
<b><u>Noncurrent Assets</u></b>		
Capital Assets:		
Non-Depreciable Capital Assets	30,000	100,000
Depreciable Capital Assets, Net	264,945	1,148,084
Total Capital Assets	294,945	1,248,084
<b>Total Noncurrent Assets</b>	<b>294,945</b>	<b>1,248,084</b>
<b>TOTAL ASSETS</b>	<b>\$ 736,811</b>	<b>\$ 1,318,485</b>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 3,375	\$ 13,536
Accrued Liabilities	31,775	2,936
Intergovernmental Payables	0	14,653
Tenant Security Deposits	0	12,381
Other Current Liabilities	0	33,553
Bonds, Notes, and Loans Payable	7,600	12,510
<b>Total Current Liabilities</b>	<b>42,750</b>	<b>89,569</b>
<b><u>Noncurrent Liabilities</u></b>		
Bonds, Notes, and Loans Payable	232,900	1,071,857
Accrued Compensated Absences - Noncurrent	9,073	0
Noncurrent Liabilities - Other	66,975	400,000
<b>Total Noncurrent Liabilities</b>	<b>308,948</b>	<b>1,471,857</b>
<b>Total Liabilities</b>	<b>351,698</b>	<b>1,561,426</b>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	54,445	163,717
Restricted	185,607	35,747
Unrestricted	145,061	(442,405)
<b>Total Net Position</b>	<b>385,113</b>	<b>(242,941)</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 736,811</b>	<b>\$ 1,318,485</b>

See accompanying notes to the basic financial statements.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Operating Revenues</u></b>		
Tenant Revenue	\$ 0	\$ 146,347
Government Operating Grants	2,345,947	0
Other Revenue	41,080	0
<b>Total Operating Revenues</b>	<u>2,387,027</u>	<u>146,347</u>
<b><u>Operating Expenses</u></b>		
Administrative	267,168	33,525
Tenant Services	39,497	0
Utilities	4,980	32,872
Maintenance	1,497	39,500
General	21,911	24,403
Housing Assistance Payment	2,041,924	0
Depreciation	18,142	47,781
<b>Total Operating Expenses</b>	<u>2,395,119</u>	<u>178,081</u>
<b>Operating Income (Loss)</b>	<u>(8,092)</u>	<u>(31,734)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>		
Interest and Investment Revenue	73	15
Interest Expense	(11,456)	(19,123)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(11,383)</u>	<u>(19,108)</u>
<b>Change in Net Position</b>	(19,475)	(50,842)
Total Net Position, Beginning of Year	<u>404,588</u>	<u>(192,099)</u>
<b>Net Position, End of Year</b>	<u>\$ 385,113</u>	<u>\$ (242,941)</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

	Primary Government	Component Units
<b><u>Cash Flows from Operating Activities</u></b>		
Operating Grants Received	\$ 2,345,947	\$ 0
Tenant Revenue Received	0	146,696
Other Revenue Received	5,697	0
General and Administrative Expenses Paid	(336,491)	(106,549)
Housing Assistance Payments	<u>(2,041,924)</u>	<u>0</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(26,771)</u>	<u>40,147</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Retirement of Debt	(7,200)	(11,457)
Interest Paid on Debt	(11,456)	(19,123)
Property and Equipment Purchased, Net	<u>0</u>	<u>(2,084)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(18,656)</u>	<u>(32,664)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Earned	73	10
Other Non Current Asset	<u>0</u>	<u>15</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>73</u>	<u>25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(45,354)	7,508
Cash and Cash Equivalents, Beginning Of Year	<u>389,740</u>	<u>52,700</u>
<b>Cash and Cash Equivalents, End of the Year</b>	<u>\$ 344,386</u>	<u>\$ 60,208</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>		
Net Operating (Loss)	\$ (8,092)	\$ (31,734)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	18,142	47,781
(Increase) Decrease in Accounts Receivable	(35,383)	349
(Increase) Decrease in Prepaid Assets	(510)	(1,071)
Increase (Decrease) in Accounts Payable	1,361	12,781
Increase (Decrease) in Intergovernmental Payable	0	25
Increase (Decrease) in Accrued Payable	(5,107)	(928)
Increase (Decrease) in FSS Escrow	8,418	0
Increase (Decrease) in Other Current Liabilities	0	12,151
Increase (Decrease) in Tenant Security Deposits	0	793
Increase (Decrease) in Compensated Absence	<u>(5,600)</u>	<u>0</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ (26,771)</u>	<u>\$ 40,147</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

---

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

The financial statements of the Tuscarawas 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 Tuscarawas Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. 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 financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, 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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(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.

The accompanying financial statements present the Authority's primary government and the two component units, Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC, which the Authority exercises significant influence.

**Component Units**

The component units are reported in the Authority's financial statements as shown below:

*Discretely Presented Component Unit*

*Brief Description and Relationship*

Tuscarawas Affordable Housing Service Corp.

A not-for-profit (IRS section 501 ( c ) ( 3 ) ) corporation created for the purpose of providing low and moderate income housing. Tuscarawas Metropolitan Housing Authority staff operates and manages the units. Four of the five Board Members are the same for both Agencies.

*Discretely Presented Component Unit*

*Brief Description and Relationship*

Tuscarawas Affordable Housing One, LLC

A limited liability corporation created for the purpose of ownership and management of Clay Village Apartments. Its officers are THMA Executive Director and one Board Member. Tuscarawas Affordable Housing One, LLC's fiscal year is a December 31 year end. The financial statements reflected in this report are for the fiscal year ending December 31, 2012.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

---

---

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

**Basis of Presentation**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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'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 on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

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

**Fund Accounting**

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

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

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

---

---

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

**Proprietary Fund Types**

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

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

**Description of Programs**

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

A. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

B. Shelter Plus Care Program

The Shelter Plus Care Program - provides rental assistance for-hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.

C. Business Activities

Represents non-HUD resources primarily from housing management services.

D. Component Units

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

E. Community Home Improvement Program

Tuscarawas Metropolitan Housing Authority is under contract with the City of New Philadelphia, the City of Dover and Tuscarawas County to oversee tenant based rental assistance program.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

---

---

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

**Investments**

Investments are restricted by the provisions of the HUD Regulations. Interest income earned in fiscal year ending March 31, 2013 totaled \$73. The interest income earned by Component Units for the fiscal year ending December 31, 2012 totaled \$15.

The Authority held no investments at March 31, 2013.

**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. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	30 years
Building Improvements	10-20 years
Furniture, Equipment and Machinery	3-7 years

**Net Position**

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Operating Revenues and Expenses**

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

**Capital Contributions**

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

**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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

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

**Restricted Cash**

Restricted cash balance as of March 31, 2013 for the primary government and December 31, 2012 for the component unit represents cash on hand for the following:

	<u>Primary Government</u>	<u>Component Units</u>
FSS Escrow Funds held for Tenants	\$ 66,975	\$ 0
Reserve for Taxes and Insurance	0	9,979
Reserve for Replacements	0	25,768
Tenant Security Deposit	0	12,381
Cash on Hand Advances from HUD to be used For Tenants Housing Assistance Payments	185,607	0
Total Restricted Cash	\$ 252,582	\$ 48,128

**Compensated Absences**

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

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

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

**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 basic financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(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 current two periods 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 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 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 ended March 31, 2013, the carrying amount of the Authority's deposits totaled \$344,386 and its bank balance was \$345,296. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of March 31, 2013, \$95,296 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

---

---

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

**Deposits** (Continued)

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.

**Component Unit**

The carrying amount of the Component Unit deposits was \$60,208 at December 31, 2012. It includes savings accounts and all certificates of deposit with original maturities of three months or less.

NOTE 3: **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 March 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.

*This space intentionally left blank.*

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

**NOTE 4: CAPITAL ASSETS**

The following is a summary of the Authority's changes in capital assets:

	Primary Government			Balance March 31, 2013
	Balance March 31, 2012	Additions	Deletions	
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 30,000	\$ 0	\$ 0	\$ 30,000
<b>Total Capital Assets Not Being Depreciated:</b>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>30,000</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	437,765	0	0	437,765
Furniture, Machinery and Equipment	59,922	0	0	59,922
Leasehold Improvements	8,557	0	0	8,557
<b>Total Capital Assets Being Depreciated</b>	<u>506,244</u>	<u>0</u>	<u>0</u>	<u>506,244</u>
Accumulated Depreciation:				
Buildings	(162,389)	(16,215)	0	(178,604)
Furniture, Machinery and Equipment	(53,493)	(1,071)	0	(54,564)
Leasehold Improvements	(7,275)	(856)	0	(8,131)
<b>Total Accumulated Depreciation</b>	<u>(223,157)</u>	<u>(18,142)</u>	<u>0</u>	<u>(241,299)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>283,087</u>	<u>(18,142)</u>	<u>0</u>	<u>264,945</u>
<b>Total Capital Assets, Net</b>	<u>\$ 313,087</u>	<u>\$ (18,142)</u>	<u>\$ 0</u>	<u>\$ 294,945</u>
	Component Unit			Balance 12/31/12
	Balance 01/01/12	Additions	Deletions	
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 100,000	\$ 0	\$ 0	\$ 100,000
<b>Total Capital Assets Not Being Depreciated</b>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	1,500,048	0	0	1,500,048
Furniture, Machinery, and Equipment	110,446	2,084	0	112,530
<b>Total Capital Assets Being Depreciated</b>	<u>1,610,494</u>	<u>2,084</u>	<u>0</u>	<u>1,612,578</u>
Accumulated Depreciation	(416,713)	(47,781)	0	(464,494)
<b>Total Capital Assets Being Depreciated, Net</b>	<u>1,193,781</u>	<u>(45,697)</u>	<u>0</u>	<u>1,148,084</u>
<b>Total Capital Assets, Net</b>	<u>\$ 1,293,781</u>	<u>\$ (45,697)</u>	<u>\$ 0</u>	<u>\$ 1,248,084</u>

*This space intentionally left blank.*

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

---

---

NOTE 5: **DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

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

- The Traditional Pension Plan (TP) - A cost sharing, multiple-employer defined benefit pension plan.
- The Member-Direct 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, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, 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](http://www.opers.org).

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 and 2012, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10 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 March 31, 2013, 2012 and 2011 were \$25,564, \$27,393, and \$28,845, respectively. The full amount has been contributed for all three years.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

---

---

**NOTE 6: POST-EMPLOYMENT BENEFITS**

**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.

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

**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 and 2012, 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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

---

---

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

**Funding Policy** (Continued)

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. For 2012 and 2011, employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent. The percentage changed to 1.0 percent effective January 1, 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 March 31, 2013, 2012, and 2011 which were used to fund post-employment benefits were \$6,071, \$7,827, and \$9,950, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

*This space intentionally left blank.*

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

**NOTE 7: LONG-TERM OBLIGATIONS**

**Tuscarawas Metropolitan Housing Authority (Primary Government)**

In the fiscal year ending March 31, 2003, the Authority issued a \$300,000 mortgage revenue bond, for a 30 year period, series 2002, for the purpose of paying part of the cost of a construction of an office addition to the administration building. In addition the bonds issued were also used to refinance the existing mortgage loan of \$89,974 for the purchase of the administration building. The outstanding principal amount shall bear interest at the rate of 4.625 percent, calculated on a basis of actual number of days and a 365 day year.

The project was fully completed in February 2004 and the loan commenced on November 1, 2003.

The following is a summary of changes in long-term obligations debt for the year ended March 31, 2013:

<u>Description</u>	<u>Balance</u> 03/31/12	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 03/31/13	<u>Due Within</u> <u>One Year</u>
Mortgage Payable	\$ 247,700	\$ 0	\$ 7,200	\$ 240,500	\$ 7,600
Compensated Absences	40,550	12,732	22,477	30,805	21,732
<b>Total Primary Government</b>	<b><u>\$ 288,250</u></b>	<b><u>\$ 12,732</u></b>	<b><u>\$ 29,677</u></b>	<b><u>\$ 271,305</u></b>	<b><u>\$ 29,332</u></b>

Debt maturities are as follows:

<u>Period</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 7,600	\$ 11,017	\$ 18,617
2015	7,900	10,717	18,617
2016	8,300	10,317	18,617
2017	8,600	10,017	18,617
2018	9,100	9,517	18,617
2019-2023	52,000	41,085	93,085
2024-2028	65,200	27,885	93,085
2029-2033	81,800	11,285	93,085
<b>Total</b>	<b><u>\$ 240,500</u></b>	<b><u>\$ 131,840</u></b>	<b><u>\$ 372,340</u></b>

**Tuscarawas Affordable Housing One, LLC (Component Unit)**

On December 9, 2002, Tuscarawas Affordable Housing One, LLC assumed an outstanding loan balance of \$1,163,986 from an original loan of \$1,197,000 from Clay Village, Ltd. Partnership for the purchase of Clay Village Apartment building.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013  
(CONTINUED)**

---

**NOTE 7: LONG-TERM OBLIGATIONS** (Continued)

**Tuscarawas Affordable Housing One, LLC (Component Unit)** (Continued)

The mortgage note is collateralized by the land, building and improvements, equipment and furnishings. The note bears interest at the rate of 9 percent per annum. Principal and interest are payable in monthly installments of \$9,132 reduced to \$2,554 (effective 1 percent interest rate) by USDA - Rural Development interest subsidy program through 2037. The mortgage liability is limited to the underlying value of the collateral pledged.

Under the loan agreement with USDA - Rural Development, the project is required to make monthly reserve for replacement deposits, and is subject to operating and returns to owner restrictions.

The following is a summary of debt maturity for the next five years as reported on the Tuscarawas Affordable Housing One, LLC audit report:

<u>Year</u>	<u>Amount</u>
2013	\$ 12,510
2014	13,683
2015	14,967
2016	16,371
2017	17,906
Thereafter	<u>1,008,930</u>
 Total	 <u>\$ 1,084,367</u>

**NOTE 8: OTHER NON-CURRENT LIABILITIES (COMPONENT UNITS)**

The component units of the Authority were advanced \$400,000 by development partners to be used for making improvements to Clay Village Apartments upon acquisition of the property by the Tuscarawas Affordable Housing One, LLC (component unit). Repayment of the amount advanced is only necessary in the event the property generates surplus cash. No amounts were repaid on the advance in this audit period.

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

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

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2013**  
**(CONTINUED)**

---

---

**NOTE 10: IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

For 2013, the Authority has implemented GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*.

GASB Statement No. 60 addresses issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Authority.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountant's (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 provides financial and reporting guidance for deferred outflows of resources and deferred inflows of resources which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of GASB Statement No. 63 changed the presentation of the Authority's financial statements to incorporate the concept of net position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources and deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the Authority.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NEW PHILADELPHIA, OHIO  
ENTITY WIDE BALANCE SHEET SUMMARY  
MARCH 31, 2013**

	14,871 Housing Choice Vouchers	Component Units	Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	63,044	12,080	28,760	103,884		103,884
113 Cash - Other Restricted	252,582	35,747		288,329		288,329
114 Cash - Tenant Security Deposits		12,381		12,381		12,381
<b>100 Total Cash</b>	<b>315,626</b>	<b>60,208</b>	<b>28,760</b>	<b>404,594</b>	<b>-</b>	<b>404,594</b>
125 Accounts Receivable - Miscellaneous	68,946		8,432	77,378		77,378
126 Accounts Receivable - Tenants		593		593		593
128 Fraud Recovery	33,957			33,957		33,957
128.1 Allowance for Doubtful Accounts - Fraud	-20,747			-20,747		-20,747
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>82,156</b>	<b>593</b>	<b>8,432</b>	<b>91,181</b>	<b>-</b>	<b>91,181</b>
142 Prepaid Expenses and Other Assets	6,892	9,600		16,492		16,492
<b>150 Total Current Assets</b>	<b>404,674</b>	<b>70,401</b>	<b>37,192</b>	<b>512,267</b>	<b>-</b>	<b>512,267</b>
161 Land	30,000	100,000		130,000		130,000
162 Buildings	437,765	1,500,048		1,937,813		1,937,813
164 Furniture, Equipment & Machinery - Administration	59,922	112,530		172,452		172,452
165 Leasehold Improvements	8,557			8,557		8,557
166 Accumulated Depreciation	-241,299	-464,494		-705,793		-705,793
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>294,945</b>	<b>1,248,084</b>	<b>-</b>	<b>1,543,029</b>	<b>-</b>	<b>1,543,029</b>
<b>180 Total Non-Current Assets</b>	<b>294,945</b>	<b>1,248,084</b>	<b>-</b>	<b>1,543,029</b>	<b>-</b>	<b>1,543,029</b>
<b>190 Total Assets</b>	<b>699,619</b>	<b>1,318,485</b>	<b>37,192</b>	<b>2,055,296</b>	<b>-</b>	<b>2,055,296</b>

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NEW PHILADELPHIA, OH  
ENTITY WIDE BALANCE SHEET SUMMARY  
MARCH 31, 2013**

	14,871 Housing Choice Vouchers	Component Units	Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	3,375	13,536		16,911		16,911
321 Accrued Wage/Payroll Taxes Payable	10,043	1,382		11,425		11,425
322 Accrued Compensated Absences - Current Portion	21,732			21,732		21,732
325 Accrued Interest Payable		1,554		1,554		1,554
333 Accounts Payable - Other Government		14,653		14,653		14,653
341 Tenant Security Deposits		12,381		12,381		12,381
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	7,600	12,510		20,110		20,110
345 Other Current Liabilities		33,553		33,553		33,553
<b>310 Total Current Liabilities</b>	<b>42,750</b>	<b>89,569</b>	<b>-</b>	<b>132,319</b>	<b>-</b>	<b>132,319</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	232,900	1,071,857		1,304,757		1,304,757
352 Long-term Debt, Net of Current - Operating Borrowings				-		-
353 Non-current Liabilities - Other	66,975	400,000		466,975		466,975
354 Accrued Compensated Absences - Non Current	9,073			9,073		9,073
<b>350 Total Non-Current Liabilities</b>	<b>308,948</b>	<b>1,471,857</b>	<b>-</b>	<b>1,780,805</b>	<b>-</b>	<b>1,780,805</b>
<b>300 Total Liabilities</b>	<b>351,698</b>	<b>1,561,426</b>	<b>-</b>	<b>1,913,124</b>	<b>-</b>	<b>1,913,124</b>
508.1 Invested In Capital Assets, Net of Related Debt	54,445	163,717		218,162		218,162
511.1 Restricted Net Assets	185,607	35,747		221,354		221,354
512.1 Unrestricted Net Assets	107,869	-442,405	37,192	-297,344		-297,344
<b>513 Total Equity/Net Assets</b>	<b>347,921</b>	<b>-242,941</b>	<b>37,192</b>	<b>142,172</b>	<b>-</b>	<b>142,172</b>
<b>600 Total Liabilities and Equity/Net Assets</b>	<b>699,619</b>	<b>1,318,485</b>	<b>37,192</b>	<b>2,055,296</b>	<b>-</b>	<b>2,055,296</b>

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NEW PHILADELPHIA, OH  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

	14,871 Housing Choice Vouchers	Component Units	Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		140,097		140,097		140,097
70400 Tenant Revenue - Other		6,250		6,250		6,250
<b>70500 Total Tenant Revenue</b>	-	146,347	-	146,347	-	146,347
70600 HUD PHA Operating Grants	2,345,947			2,345,947		2,345,947
71100 Investment Income - Unrestricted	7	15		22		22
71400 Fraud Recovery	13,133			13,133		13,133
71500 Other Revenue	20,985		6,962	27,947		27,947
72000 Investment Income - Restricted	66			66		66
<b>70000 Total Revenue</b>	2,380,138	146,362	6,962	2,533,462	-	2,533,462
91100 Administrative Salaries	132,173	12,741	4,710	149,624		149,624
91200 Auditing Fees	8,599	2,800		11,399		11,399
91400 Advertising and Marketing	175			175		175
91500 Employee Benefit contributions - Administrative	72,141			72,141		72,141
91600 Office Expenses	12,234			12,234		12,234
91700 Legal Expense		516		516		516
91800 Travel	4,952			4,952		4,952
91900 Other	32,184	17,468		49,652		49,652
<b>91000 Total Operating - Administrative</b>	262,458	33,525	4,710	300,693	-	300,693
92100 Tenant Services - Salaries	31,093			31,093		31,093
92300 Employee Benefit Contributions - Tenant Services	8,404			8,404		8,404
<b>92500 Total Tenant Services</b>	39,497	-	-	39,497	-	39,497
93100 Water	529	22,718		23,247		23,247
93200 Electricity	3,650	10,154		13,804		13,804
93300 Gas	801			801		801
<b>93000 Total Utilities</b>	4,980	32,872	-	37,852	-	37,852

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NEW PHILADELPHIA, OH  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

	14.871 Housing Choice Vouchers	Component Units	Business Activities	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor		22,892		22,892		22,892
94200 Ordinary Maintenance and Operations - Materials and Other		7,180		7,180		7,180
94300 Ordinary Maintenance and Operations Contracts	1,497	9,428		10,925		10,925
<b>94000 Total Maintenance</b>	1,497	39,500	-	40,997	-	40,997
96110 Property Insurance	3,603	9,401		13,004		13,004
96130 Workmen's Compensation	2,481			2,481		2,481
<b>96100 Total insurance Premiums</b>	6,084	9,401	-	15,485	-	15,485
96210 Compensated Absences	12,732			12,732		12,732
96300 Payments in Lieu of Taxes		14,653		14,653		14,653
96400 Bad debt - Tenant Rents	3,095	349		3,444		3,444
<b>96000 Total Other General Expenses</b>	15,827	15,002	-	30,829	-	30,829
96710 Interest of Mortgage (or Bonds) Payable	11,456	19,123		30,579		30,579
<b>96700 Total Interest Expense and Amortization Cost</b>	11,456	19,123	-	30,579	-	30,579
<b>96900 Total Operating Expenses</b>	341,799	149,423	4,710	495,932	-	495,932
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	2,038,339	-3,061	2,252	2,037,530	-	2,037,530
97300 Housing Assistance Payments	2,041,924			2,041,924		2,041,924
97400 Depreciation Expense	18,142	47,781		65,923		65,923
<b>90000 Total Expenses</b>	2,401,865	197,204	4,710	2,603,779	-	2,603,779
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	-21,727	-50,842	2,252	-70,317	-	-70,317
11020 Required Annual Debt Principal Payments	7,600	12,510	-	20,110	-	20,110
11030 Beginning Equity	369,648	-192,099	34,940	212,489		212,489
11170 Administrative Fee Equity	162,314			162,314		162,314
11180 Housing Assistance Payments Equity	185,607			185,607		185,607
11190 Unit Months Available	6,888	480		7,368		7,368
11210 Number of Unit Months Leased	6,600	428		7,028		7,028

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED MARCH 31, 2013**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
Housing Choice Voucher Program	14.871	\$ <u>2,345,947</u>
<b>Total Direct Awards</b>		<u>2,345,947</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>2,345,947</u>
<b>Total Federal Awards Expenditures</b>		<u>\$ 2,345,947</u>

This schedule is prepared on the accrual basis of accounting.

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

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

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 Tuscarawas Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the Tuscarawas Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated September 10, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Tuscarawas 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tuscarawas Metropolitan Housing Authority, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tuscarawas 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 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 Tuscarawas 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, Inc.  
Certified Public Accountants

September 10, 2013

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on Compliance for Each Major Federal Program**

We have audited the Tuscarawas 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 Tuscarawas Metropolitan Housing Authority, Ohio's major federal program for the year ended March 31, 2013. The Tuscarawas Metropolitan Housing Authority, Ohio's major federal program is 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 program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Tuscarawas Metropolitan Housing Authority, Ohio's major federal program 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 Not-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 Tuscarawas Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## ***Opinion on the Major Federal Program***

In our opinion, the Tuscarawas Metropolitan Housing Authority, Ohio, 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 program for the year ended March 31, 2013.

## **Report on Internal Control Over Compliance**

Management of the Tuscarawas 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 compliance, we considered the Tuscarawas Metropolitan Housing Authority, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on the 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 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 Tuscarawas Metropolitan Housing Authority, Ohio'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 CPA, Inc.  
Certified Public Accountants

September 10, 2013

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
MARCH 31, 2013**

---

**1. SUMMARY OF AUDITOR’S RESULTS**

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2013(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2013(v)	Type of Major Programs’ Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510?	No
2013(vii)	Major Programs (list):  Housing Choice Voucher Program - CFDA #14.871	
2013(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2013(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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR YEAR FINDINGS  
MARCH 31, 2013**

---

---

The audit report for the prior year ended March 31, 2012 contained no findings or citations.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**TUSCARAWAS COUNTY METROPOLITAN HOUSING AUTHORITY**

**TUSCARAWAS 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  
DECEMBER 10, 2013**