STARK METROPOLITAN HOUSING AUTHORITY

AUDIT REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2016

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

Dave Yost · Auditor of State

Board of Directors
Stark Metropolitan Housing Authority
400 East Tuscarawas Street
Canton, Ohio 44702

We have reviewed the *Independent Auditor's Report* of the Stark Metropolitan Housing Authority, Stark County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2015 through March 31, 2016. 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 Stark Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

December 23, 2016

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STARK METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2016

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JAMES G. ZUPKA, C.P.A., INC.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Stark Metropolitan Housing Authority
Canton, 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 business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Stark County, Ohio, (the Authority) as of and for the fiscal year ended March 31, 2016, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Hunter House PSH, LLC, which represent 68 percent, 85 percent and 40 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hunter House PSH, LLC, is based solely on the report of the other auditors. 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. The other auditors audited the financial statements of Hunter House PSH, LLC, in accordance with auditing standards generally accepted in the United State of America and not in accordance with *Government Auditing Standards*.

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 opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Ohio, as of March 31, 2016, 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.

Emphasis of Matter

As described in Note 2 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, and restated its net position at March 31, 2015 for business-type activities. In addition, as described in Note 3 to the basic financial statements, the Authority restated its net position at March 31, 2015 for component units due to the inclusion of one additional component unit. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, 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 opinions on the financial statements that collectively comprise the Stark Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 October 17, 2016, on our consideration of the Stark 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, Inc.

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

October 17, 2016

The Stark Metropolitan Housing Authority ("the Authority") management's discussion and analysis is designed to assist the reader on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year end March 31, 2016 activities, resulting changes, and currently known facts of the primary government. Please read it in conjunction with the Authority's financial statements (beginning on page 13).

Management of the Authority continued its efforts to strengthen its internal controls and compliance of its policies. During the fiscal year end March 31, 2016, the Authority created an adhoc Finance Committee. The Finance Committee, comprised of two members of the Board, meets monthly and reports its activities to the Board of Commissioners.

FINANCIAL HIGHLIGHTS

- The Authority's financial position at March 31, 2016, reflected total assets and deferred outflows of resources of $67.71 million and total liabilities of $16.09 million. The total net position was $51.49 million. The financial operations were in accordance with revenue expectations and the approved budget plan. Net position decreased by $6,626,535 or approximately 11.40 percent.

- Total revenue increased by $1,716,460 or 6.85 percent of which the change relates to increase in HUD Subsidy of $1,560,758. Total revenue was $26.78 million in fiscal 2016 and $25.06 million in fiscal 2015.

- Total expenses decreased by $1,417,198 or 4.59 percent. Total expenses were $29.45 million in fiscal year 2016 and $30.87 million in fiscal year 2015.

Financial Statements

The Authority's financial 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 of the Authority. The Statement is presented in a 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".

During current year, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27,* which significantly revises accounting for pension costs and liabilities. General Accounting Standards Board (GASB) believes, for reasons discussed below, many end users of financial statement will gain a clearer understanding of actual financial condition by adding deferred inflows related to pension and net pension liability to reported net position and subtracting deferred outflows related to pension.

GASB standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, previously GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting. However, the nature of Ohio's statewide pension systems and state law governing pensions requires additional explanation in order to properly understand information presented in these statements.

Under new standards required by GASB 68, net pension liability equals Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employee's past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of "employment exchange" - that is, employee is trading his or her labor in exchange for wages, benefits, and promise of a future pension. GASB believes unfunded portion of this pension promise is a present obligation of government, part of a bargained for benefit to employee. Therefore government must record obligation as a liability since government received benefit of the exchange.

However, the Authority is not responsible for certain key factors affecting liability. In Ohio, employee shares obligation of funding pension benefits with employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. State statute determines the benefits provisions. Employee enters employment exchange with knowledge that employer's promise is limited not by contract but by law. Employer enters exchange also knowing that there is a specific, legal limit to its contribution to pension system. In Ohio, there is no legal means to enforce an unfunded liability of the pension plan against a public employer. State law operates to mitigate/lesson the moral obligation of a public employer to employee, because all parties enter employment exchange with the understanding of the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify responsible party for unfunded portion. Due to unique nature of how net pension liability is satisfied, the authority separately identified liability within long-term liability section of statement of net position.

The Authority's statements are prepared on an accrual basis of accounting. Therefore the Authority is required to implement GASB 68 and included an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

Because of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on accrual basis of accounting. This implementation also had the effect of restating net pension at March 31, 2016, by $3,954,747.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year and includes all assets and liabilities. Net position, the difference between total assets and total liabilities, is an important indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial position has improved or worsened during the year.

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

> Net Investment in Capital Assets: This component of net position consists of 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 does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The financial statements also include a Statement of Revenues, Expenses, and Changes in 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 Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

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

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

The Authority's Programs

Conventional Public Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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 household income.

Capital Fund Program (CFP) - This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CPG was revised for the CFP, funds are still provided by formula allocation and based on size and age of the Authority's units.

Shelter Plus Care Program - This grant program, funded by the U.S. Department of Housing and Urban Development, is designed to link rental assistance to supportive services for hard-to-reach homeless persons with disabilities (primarily those who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immune deficiency syndrome (AIDS) and related diseases), and their families.

Component Unit - These resources were developed from a variety of activities.

Business Activities - These non-HUD resources were developed from a variety of activities.

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AUTHORITY-WIDE STATEMENTS

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

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

	2016	2015
ASSETS		
Current Assets	$ 6,447,665	$ 5,705,838
Capital Assets	58,720,701	62,915,186
Deferred Outflows	2,185,397	0
Other Non-Current Assets	362,044	223,431
Total Assets and Deferred Outflows of Resources	$67,715,807	$68,844,455
LIABILITIES		
Current Liabilities	$ 1,891,753	$ 2,958,745
Non-Current Liabilities	14,198,552	7,771,845
Total Liabilities	16,090,305	10,730,590
Deferred Inflows	138,172	0
NET POSITION		
Net Investment in Capital Assets	51,442,312	54,793,246
Restricted	71,615	0
Unrestricted	(26,597)	3,320,619
Total Net Position	51,487,330	58,113,865
Total Liabilities, Deferred Inflows of Resources and Net Position	$67,715,807	$68,844,455

For more detailed information see page 13 for the Statement of Net Position.

Major Factors Affecting The Statement of Net Position

Total assets and deferred outflows decreased by $1,128,648 or about 1.64. The change includes increase in total current assets of $741,827 primarily due to $797,933 decrease in cash and $1,580,705 increase in accounts receivable. Capital assets decreased by $4.19 million due to increase in accumulated depreciation of Capital Assets of $2,904,471 and disposal of Hillview property. Total liabilities increased by $5,359,715 or 49.9 percent primarily due to recording GASB 68 pension liability.

Table 2 presents details on the change in Unrestricted Net Position.

Table 2 - Change of Unrestricted Net Position - Primary Government

	2016
Beginning Balance - March 31, 2015, as restated	$ (634,128)
Results of Operations	(2,671,788)
Adjustments:	
Current Year Depreciation Expense (1)	4,117,396
Capital Expenditures less loss on Disposals (2)	77,089
Debt Principal Payments	(843,551)
Transfer from Restricted Net Position	(71,615)
Ending Balance - March 31, 2016	$ (26,597)

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the Results of Operations are 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.

Statement of Revenues, Expenses, and Changes in Net Position

Total revenues increased by $1.7 million or 6.80 percent. This net increase is a result of the continuing increase in the Capital Fund Grant allocation, the timing differences in Capital Fund projects from year to year, the public housing subsidy, other revenues, and loss on asset disposal. Total expenses decreased $1.4 million. This change was primarily due to a decrease in general and protective services of $1.1 million.

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

	2016	2015
Revenues		
Tenant Revenue - Rents and Other	$ 5,809,410	$ 5,693,548
Operating Subsidies and Grants	20,109,411	18,548,653
Capital Grants	906,518	321,945
Investment Income	17,272	31,288
Other Revenues	314,368	466,485
Loss on Disposal of Assets	(378,600)	0
Total Revenues	26,778,379	25,061,919
Expenses		
Administrative	5,297,935	4,684,428
Utilities	3,155,890	3,610,213
Maintenance	5,882,136	5,522,007
Tenant Services	154,002	132,620
General and Protective Services	2,562,311	3,682,152
Interest and Other Expenses	275,055	322,049
Housing Assistance Payments	7,647,397	7,775,246
Depreciation	4,117,396	5,138,650
Extraordinary Items	358,045	0
Total Expenses	29,450,167	30,867,365
Net Increase (Decrease)	$(2,671,788)	$(5,805,446)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year end, the Authority had $58.7 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation) of $4.2 million from the end of last year.

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

	2016	2015
Land	$12,865,872	$16,104,311
Construction in Progress	1,959,705	1,358,185
Buildings	160,830,590	159,334,238
Equipment	5,438,043	5,587,489
Accumulated Depreciation	(122,373,509)	(119,469,037)
Total	$ 58,720,701	$ 62,915,186

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes on capital assets.

Table 5 - Change in Capital Assets - Primary Government

Beginning Balance - March 31, 2015	$62,915,186
Current Year Additions	601,519
Current Year Disposals	(678,608)
Current Year Depreciation Expense	(4,117,396)
Ending Balance - March 31, 2016	$58,720,701

DEBT OUTSTANDING

As of year-end, the Authority had $7.3 million in debt outstanding compared to $8.1 million last year, a $0.8 million decrease related to regularly scheduled bond debt retirement.

Table 6 - Outstanding Debt, at Year-End - Primary Government

	2016	2015
Beginning Balance - March 31, 2015	$ 8,121,940	$ 8,687,605
Current Year Debt Issued	0	0
Current Year Principal Payments	(843,551)	(565,665)
Ending Balance - March 31, 2016	$ 7,278,389	$ 8,121,940

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the U.S. Department of Housing and Urban Development and the subsidies provided to the Authority by the U.S. Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, employee health care costs, insurances, rents, supplies, and other costs.

FINANCIAL CONTACT

Questions concerning any information provided in this report or request for additional information should be addressed to Herman Hill, Executive Director, Stark Metropolitan Housing Authority, 400 East Tuscarawas Street, Canton, Ohio 44702-1131, or call 330-454-8051.

Basic Financial Statements

STARK METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
MARCH 31, 2016

	Primary Government	Component Units
ASSETS		
Current Assets:		
Cash - Unrestricted	$ 1,277,580	$ 372,367
Cash - Restricted	1,680,554	698,711
Accounts Receivable - Net of Allowance	3,007,106	37,279
Inventories - Net of Allowance	479,075	0
Prepaid Expenses	3,350	29,099
Total Current Assets	6,447,665	1,137,456
Non-Current Assets:		
Capital Assets - Non-Depreciated	14,825,577	86,124
Depreciable Capital Assets - Net	43,895,124	8,390,188
Other Non-Current Assets	362,044	0
Total Non-Current Assets	59,082,745	8,476,312
Deferred Outflow of Resources	2,185,397	0
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$67,715,807	$ 9,613,768
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 17,615	$ 36,715
Current Portion of Long-Term Debt	320,000	180,142
Intergovernmental Payable	88,514	0
Accrued Wages and Payroll Taxes	129,606	0
Tenant Security Deposits	389,537	34,162
Other Current Liabilities	946,481	835,301
Total Current Liabilities	1,891,753	1,086,320
Non-Current Liabilities:		
Long-Term Debt - Net of Current Portion	6,958,389	5,225,119
Accrued Pension and OPEB Liabilities	6,400,891	0
Other Long-Term Liabilities and Compensated Absences	839,272	0
Total Non-Current Liabilities	14,198,552	5,225,119
Total Liabilities	16,090,305	6,311,439
Deferred Inflows of Resources	138,172	0
NET POSITION		
Net Investment in Capital Assets	51,442,312	3,071,051
Restricted	71,615	0
Unrestricted	(26,597)	231,278
Total Net Position	51,487,330	3,302,329
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$67,715,807	$ 9,613,768

See accompanying notes to the basic financial statements.

STARK METROPOLITAN HOUSING AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED MARCH 31, 2016

	Primary Government	Component Units
Operating Revenues		
Program Operating Grants/Subsidies	$ 20,109,411	$ 0
Tenant Revenues	5,809,410	1,063,525
Other Income	314,368	312,509
Total Operating Revenues	26,233,189	1,376,034
Operating Expenses		
Administrative	5,297,935	307,119
Utilities Expenses	3,155,890	259,459
Ordinary Maintenance	5,882,136	354,199
Tenant Services	154,002	58,320
Protective Services	370,623	107,263
Housing Assistance Payments	7,647,397	0
Other General Expenses	2,191,688	156,778
Depreciation	4,117,396	370,367
Total Operating Expenses	28,817,067	1,613,505
Operating Income (Loss)	(2,583,878)	(237,471)
Non-Operating Revenue (Expenses)		
Interest Income	17,272	436
Interest Expense	(275,055)	(144,472)
Total Non-Operating Revenue (Expenses)	(257,783)	(144,036)
Excess (Deficiency) of Revenue Over (Under) Expenses before Capital Revenue and Transfers	(2,841,661)	(381,507)
Capital Grants, Contributions and Extraordinary Items		
Capital Grants	906,518	0
Extraordinary Items	(358,045)	0
Loss on Disposal of Capital Assets	(378,600)	0
Capital Contributions	0	351,202
Total Capital Grants, Contributions and Extraordinary Items	169,873	351,202
Results of Operations	(2,671,788)	(30,305)
Beginning Net Position	58,113,865	3,007,998
Prior Period Adjustments	(3,954,747)	324,636
ENDING NET POSITION	$ 51,487,330	$ 3,302,329

See accompanying notes to the basic financial statements.

STARK METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED MARCH 31, 2016

	Primary Government	Component Units
Cash Flows from Operating Activities		
Cash Received from HUD and Other Governments	$ 19,782,587	$ 0
Cash Received from Tenants	5,884,897	1,050,070
Cash Received from Other Sources	348,499	317,347
Cash Payments for Housing Assistance Payments	(7,647,397)	0
Cash Payments for Administrative	(5,586,107)	(308,417)
Cash Payments for Other Operating Expenses	(12,587,427)	(943,718)
Net Cash Provided by Operating Activities	195,052	115,282
Cash Flows from Capital and Related Financing Activities		
Principal Payments on Debt	(843,551)	(102,351)
Cash from Capital Asset Sale	300,007	0
Interest Expense	(275,055)	(144,472)
Acquisition of Capital Assets	(601,518)	(60,156)
Extraordinary Item	(358,045)	0
Capital Grants and Contributions	906,518	351,202
Other Non-Current Assets	(138,613)	0
Net Cash (Used for) Capital and Other Related Financing Activities	(1,010,257)	44,223
Cash Flows from Investing Activities		
Investment Income	17,272	436
Net Cash (Used for) by Investing Activities	17,272	436
Net Increase (Decrease) in Cash and Cash Equivalents	(797,933)	159,941
Cash and Cash Equivalents, Beginning	3,756,067	911,137
Cash and Cash Equivalents, Ending	$ 2,958,134	$ 1,071,078
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Net Operating Income (Loss)	$ (2,583,878)	$ (237,471)
Net Cash Provided by Operating Activities		
Depreciation	4,117,396	370,367
(Increase) Decrease in:		
Receivables - Net of Allowance	(1,580,705)	(13,455)
Inventory and Prepaid Expense	40,945	9,936
Deferred Outflows of Resources	(1,802,390)	0
Increase (Decrease) in:		
Accounts Payable	5,185	17,853
Net Pension Liability	2,140,838	0
Non-Current Liabilities	361,828	0
Accrued Wages/Payroll Taxes	(211,474)	(1,298)
Intergovernmental Payable	(326,824)	0
Deferred Inflows of Resources	60,471	0
Tenant Security Deposits	(8,764)	4,838
Deferred Credits/Other Liabilities	(17,576)	(35,488)
Net Cash Provided by Operating Activities	$ 195,052	$ 115,282

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

The Stark Metropolitan Housing Authority (the Authority) is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a 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 rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The Authority participates in the Section 8 Existing, Moderate Rehab, and Voucher Program provided by HUD. These programs help assist families in the payment of rent. Under the Certificate Program, the dwelling unit a family will occupy must not exceed rent limitations in accordance with HUD guidelines. Under the Voucher Program, the Authority determines the amount of subsidy a family will receive using HUD guidelines; however, there is a limit to the amount charged to the family. Under the Moderate Rehab Program, subsidy payments are made directly to the landlord on behalf of families living in their respective unit. The Authority also participates in the Public Housing Program. Under this Program, the Authority manages constructed or financed public housing units using grant funds from HUD. Tenants of these facilities pay a percentage of his/her adjusted gross income towards rent and utilities.

B. Summary of Significant Accounting Policies

The financial statements of 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.

C. Reporting Entity

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading consistent with GASB Statement No. 14, *The Financial Reporting Entity.* Based on application of the criteria set forth in GASB Statement No. 14 (as amended by GASB Statement No. 61), the Authority evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the Authority, and whether exclusion would cause the basic financial statements to be misleading

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

C. **Reporting Entity** (Continued)

or incomplete. Among the factors considered were whether the Authority holds the PCU's corporate power, appoints a voting majority of the PCU's board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the Authority and the PCU.

The primary government of the Authority consists of all funds, agencies, departments and offices that are not legally separate from the Authority. The preceding financial statements include all funds and account groups of the Authority (the primary government) and the Authority's component units. The following organizations are described due to their relationship to the Authority.

Discretely Presented Component Units
The component units column in the combined financial statements identifies the financial data of the Authority's three component units: the Alliance Senior Towers LLC, Washington Area Housing Agency LLC and Hunter House LLC. They are reported separately to emphasize that they are legally separate from the Authority and provide services to clients of the Authority and others.

The Alliance Senior Tower, LLC, is a for-profit limited liability corporation formed under the laws of the State of Ohio. The Corporation was formed for the purpose of acquiring and operating Alliance Towers, a multi-family residential housing project in Stark County, Ohio. Separately issued audited financial statements can be obtained from the Authority.

The Hunter House, LLC, is a for-profit limited liability corporation formed under the laws of the State of Ohio. The entity was formed for the purpose of acquiring and operating Hunter House, a multi-family residential housing project in Stark County, Ohio. Hunter House, LLC, has a December 31st fiscal year end and the audited financial statements can be obtained from the Authority.

The Washington Area Housing Agency, LLC, is a for-profit limited liability corporation formed under the laws of the State of Ohio. The corporation was formed for the purpose of acquiring and operating Washington Towne Homes, a multi-family residential housing project in Stark County, Ohio. Separately issued audited financial statements can be obtained from the Authority.

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

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

D. **Fund Accounting**

The Authority uses enterprise funds to report on its financial position and the results of its operations for the Section 8 and public 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.

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

E. **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.

F. **Measurement Focus/Basis of Accounting**

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

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.

G. **Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 4). Investments are valued at market value. Interest income earned in fiscal year 2016 totaled $17,272 for the primary government and $436 for the component unit.

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

H. **Capital Assets**

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property have a useful life of more than one year and purchase price of $5,000 or more per unit. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

The estimated useful lives for each major class of depreciable assets are as follows:

Buildings	40 Years
Building and Improvements	15 Years
Furniture and Equipment Dwellings	5 to 10 Years
Furniture and Equipment Administrative	1 to 10 Years

I. **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.

J. **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.

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

K. **Capital Grants and Contributions**

Capital Grants made available by HUD with respect to all federally aided projects under an annual contributions contract. Capital contributions in fiscal year 2016 came from the private investors in Hunter House, LLC.

L. **Budgetary Accounting**

The Authority annually prepares its budget as prescribed by HUD. This budget is adopted by the Board of the Authority and then submitted to HUD.

M. **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.

N. **Inter-Program Loans**

Inter-Program Due to and Due from are reflected on the supplemental Financial Data Schedules (FDS) and are eliminated in the totals on both the FDS and the Statement of Net Position.

O. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension. The deferred inflows of resources related to pension are explained in Note 8.

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

P. **Pensions**

For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For fiscal year 2016, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68.*

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68, and have been implemented by the Authority.

A prior period adjustment at March 31, 2015 is required in order to implement GASB Statements No. 68 and 71 as follows:

Prior Period Adjustments:	
Net Pension Liability	$(4,260,053)
Deferred Outflows	383,007
Deferred Inflows	(77,701)
Total Prior Period Adjustments	$(3,954,747)

NOTE 3: RESTATEMENT OF NET POSITION

A restatement of net position was made for the component units. Washington Housing LLC was determined to be a component unit and have been added to the reporting entity.

	Component Units
Beginning Balance - Net Position, March 31, 2015	$ 3,007,998
Addition of Washington Housing, LLC to reporting entity	324,636
Restated Net Position, March 31, 2015	$ 3,332,634

NOTE 4: DEPOSITS AND INVESTMENTS

The Authority has adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This standard revised the existing requirements regarding disclosure of custodial credit risk and establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Adoption of GASB Statement No. 40 had no effect on net position and change in net position in the prior or current year.

A. Deposits

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

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

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

NOTE 4: **DEPOSITS AND INVESTMENTS** (Continued)

A. **Deposits** (Continued)

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

At year-end, the carrying amount of the Authority's deposits was $1,872,939 (including $1,680,554 of restricted funds and $2,420 of petty cash).

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits of the primary government totaling $567,610 were covered by Federal Depository Insurance, and deposits totaling $1,129,908 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTE 4: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Investments**

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value.

Interest Rate Risk
As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity. The Authority's investment in Wells Fargo 100% Treasury Money Market Fund matures in less than six months.

Credit Risk
Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices. Credit risk does not apply to the Authority's investment in the Wells Fargo 100% Treasury Money Market Fund.

Concentration of Credit Risk
Generally, the Authority places no limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of HUD-approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represents 100 percent of its deposits.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

NOTE 4: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Investments**

Reconciliation of the primary government's cash and cash equivalents and investments is as follows:

	Cash and Cash Equivalents	Investments
Per Statement of Net Position	$ 2,958,134	$ 0
Wells Fargo 100% Treasury Money Market Fund	(1,085,195)	1,085,195
Per GASB Statement No. 3	$ 1,872,939	$ 1,085,195

C. **Component Units**

At year end, the carrying amount of the component units' investments and deposits was $1,071,078. Bank deposits of $918,594 were covered by FDIC insurance and the balance was covered by a pledged collateral pool. Investments of the component units consisted of money market funds at a local financial institution.

NOTE 5: **RESTRICTED CASH**

Restricted cash balances as of March 31, 2016 represents cash on hand for the following:

	Primary Government	Component Units
Tenant Security Deposit	$ 389,537	$ 34,162
Bond Proceeds to be Used for Capital Improvement	1,085,195	0
Other Restricted Cash	205,822	664,549
Total Restricted Cash	$ 1,680,554	$ 698,711

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NOTE 6: **INSURANCE COVERAGE** (SMHA Only)

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority is covered for property damage and general liability through the Housing Authority Insurance Company. Auto liability and auto physical damage are covered through separate insurance companies. Deductible and coverage limits are summarized below:

	Deductible	Coverage Limits
Property	$ 10,000	$ 277,992,788
General Liability	5,000	5,000,000
Auto Liability	0	1,000,000
Auto Physical Damage	500	ACV
Commercial Inland Marine	13,000	130,000
Lead Inspectors' Professional Liability	5,000	1,000,000
Equipment Breakdown	10,000	50,000,000

There was no significant reduction in coverages and no claims exceeded insurance coverage during the past three years.

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NOTE 7: CAPITAL ASSETS

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

	Primary Government	Component Units
Capital Assets Not Being Depreciated		
Land	$ 12,865,872	$ 86,124
Construction in Progress	1,959,704	0
Total Capital Assets Not Being Depreciated	14,825,576	86,124
Capital Assets Being Depreciated		
Buildings and Building Improvements	160,830,589	9,618,017
Furniture and Equipment Dwelling	5,438,044	195,064
Less: Accumulated Depreciation	(122,373,508)	(1,422,893)
Total Capital Assets Being Depreciated	43,895,125	8,390,188
Total Capital Assets	$ 58,720,701	$ 8,476,312

The following is a summary of changes:

	Primary Government				
	Balance 03/31/2015	Reclasses	Additions	Deletions	Balance 03/31/2016
Capital Assets Not Being Depreciated					
Land	$ 16,104,311	$ (3,218,839)	$ 0	$ (19,600)	$ 12,865,872
Construction in Progress	1,358,186	0	601,519	0	1,959,705
Total Capital Assets Not Being Depreciated	17,462,497	(3,218,839)	601,519	(19,600)	14,825,577
Capital Assets Being Depreciated					
Buildings and Building - Improvements	159,334,237	3,218,839	0	(1,722,488)	160,830,588
Furniture and Equipment - Dwelling	5,587,489	0	0	(149,445)	5,438,044
Total Capital Assets Being Depreciated	164,921,726	3,218,839	0	(1,871,933)	166,268,632
Accumulated Depreciation:					
Buildings and Improvements	(117,568,552)	0	(948,906)	1,063,480	(117,453,978)
Furniture and Equipment	(1,900,485)	0	(3,168,490)	149,445	(4,919,530)
Subtotal Accumulated Depreciation	(119,469,037)	0	(4,117,396)	1,212,925	(122,373,508)
Net Capital Assets Being Depreciated	45,452,689	3,218,839	(4,117,396)	(659,008)	43,895,124
Total Primary Government	$ 62,915,186	$ 0	$ (3,515,877)	$ (678,608)	$ 58,720,701

	Component Units				
	Restated Balance 03/31/2015	Reclasses	Additions	Balance Deletions	Balance 03/31/2016
Capital Assets Not Being Depreciated					
Land	$ 86,124	$	$ 0	$ 0	$ 86,124
Total Capital Assets Not Depreciated	86,124	0	0	0	86,124
Capital Assets Being Depreciated					
Buildings and Building - Improvements	9,559,513	0	58,504	0	9,618,017
Furniture and Equipment - Dwelling	193,412	0	1,652	0	195,064
Total Capital Assets Being Depreciated	9,752,925	0	60,156	0	9,813,081
Accumulated Depreciation:					
Buildings and Improvements	(922,232)	0	(331,685)	0	(1,253,917)
Furniture, Machinery & Equipment	(130,293)	0	(38,683)	0	168,976)
Total Capital Assets Being Depreciated	(1,052,525)	0	(370,368)	0	(1,422,893)
Net Capital Assets Being Depreciated	8,700,400	0	(310,212)	0	8,390,188
Net Component Units	$ 8,786,524	$ 0	$ (310,212)	$ 0	$ 8,476,312

NOTE 8: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

NOTE 8: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability (Continued)

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on of after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of srvice for the first 35 years and 2.5% for service years in excess of 35

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2015 Statutory Maximum Contribution Rates:	State and Local
Employer	14.0%
Employee	10.0%
2015 Actual Contribution Rates:	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the year ended March 31, 2016 was $596,115.

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Plan	Combined Plan
Proportionate Share of the Net Pension Liability	$ 6,421,164	$ (20,273)
Proportion of the Net Pension Liability	0.037071%	0.041660%
Pension Expense	$ 963,805	$ 10,112

At March 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 1,896,174
Authority contributions subsequent to the measurement date	155,772
Changes in Proportion	133,451
Total Deferred Outflows of Resources	$ 2,185,397
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 133,321
Changes in Proportion	4,851
Total Deferred Inflows of Resources	$ 138,172

$155,772 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending March 31:	
2017	$ 474,875
2018	505,055
2019	491,259
2020	427,382
2021	(1,746)
Thereafter	(5,372)
Total	$ 1,891,453

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Traditional Plan
Wage Inflation	3 .75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

	Combined Plan
Wage Inflation	3 .75 percent
Future Salary Increases, including inflation	4.25 to 8.05 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projections Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS (Continued)

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving the maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other Investements	18.00%	4.59%
Total	100.00%	5.28%

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all period of projected payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

Authority's proportionate share of the net pension liability	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1%Increase (9.00%)
Traditional Plan	$10,230,484	$ 6,421,164	$ 3,208,124
Combined Plan	(417)	(20,273)	(36,244)

NOTE 9: **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 two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which find multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part b premium reimbursements, to qualifying recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

NOTE 9: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.pers.org/financial/reports.shtml#CAFR, 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 contributions rates are expressed as a percentage of the earned salary payroll of active members. In fiscal year ending 2015 and 2016, State and Local employers contributed at a rate of 14.0 percent of earnable salary. These are maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans.

NOTE 9: **POST-EMPLOYMENT BENEFITS** (Continued)

B. Funding Policy (Continued)

The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent. The portion of actual Authority contributions for the year ended March 31, 2016, 2015 and 2014, which were used by OPERS to fund post-employment benefits were $99,352, $93,382, and $60,083, respectively.

NOTE 10: **SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**

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

NOTE 11: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees earn 4.6 hours sick leave per eighty (80) hours of service. Unused sick leave may be accumulated without limit. At the time of separation, if an employee or retiree qualifies under OPERS, and if the employee or retiree qualifies under OPERS and was hired prior to April 1, 2008, the employee will be eligible to receive payment for 50 percent of their accumulated sick leave balance. This payment is reduced from 50 percent to 33.33 percent for employees hired on or after April 1, 2008. Employees hired after April 1, 2011 may cash in at the rate of 1 day for every 4 days (25 percent) earned. All permanent employees earn vacation hours accumulated based on length of service. All vacation time earned may be accumulated up to 3 times the annual amount that can be accrued in a calendar year.

NOTE 11: COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended March 31, 2016:

Description	Balance at 3/31/15	Increase	Decrease	Balance at 3/31/16	Due Within One Year
Liability Amount	$ 528,811	$ 125,218	$ 52,881	$ 601,148	$ 30,058

NOTE 12: LONG-TERM OBLIGATIONS

Changes in the Authority's long-term obligations during fiscal year 2016 are as follows:

	Restated Balance at 3/31/15	Additions	Deletions	Balance at 3/31/16	Due Within One Year
General Long-Term Obligations					
Primary Government					
Long-Term Debt:					
First Merit - Cleveland Ave.	$ 522,539	$ 0	$ (522,539)	$ 0	$ 0
Fifth Third - Equipment Lease	1,889,241	0	0	1,889,241	0
Ohio Housing Finance Agency, Serial Bonds, 07/17/07	5,710,160	0	(321,012)	5,389,148	320,000
Net Pension Liability	4,260,053	2,140,838	0	6,400,891	0
Total Primary Government	$ 12,381,993	$ 2,140,838	$ (843,551)	$13,679,280	$ 320,000
Component Units					
Alliance Senior Tower, LLC	$ 2,261,820	$ 0	$ (23,713)	$ 2,238,107	$ 24,706
Hunter House, LCC.	3,245,792	0	(78,638)	3,167,154	155,436
Total Component Units	$ 5,507,612	$ 0	$ (102,351)	$ 5,405,261	$ 180,142

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NOTE 11: **LONG-TERM DEBT** (Continued)

The Authority was obligated on the following notes as of March 31, 2016:

	2016
Fifth Third Bank	
Note dated May 22, 2006; due in 2017; payable in monthly installment of $24,176 in principal plus interest at a fixed rate of 7.57%. The note was issued for the purpose of making energy efficiency improvements associated with the Canton Senior Center construction project. The Authority has suspended payments since January 2013 and is in default on the loan. Fifth Third Bank and the Authority are in discussion regarding resolution of this debt.	$ 1,889,241
Ohio Housing Finance Agency	
Note dated July 17, 2007, due March 2027, funding by a bond issue in the principal amount of $40,532,000, of which SMHA's share is $7,620,000. Repayment of the loan funded through contributions from HUD under the Capital Fund Program and investment earnings. Payment made by reducing the Capital Fund Program subsidy due SMHA. Payments are due semi-annually beginning September 28, 2007, totaling approximately $600,000 annually. Serial bonds issued with fixed interest rates between 3.90% and 4.67%. The bonds were issued to provide major renovations at three high-rise buildings: W.L. Hart Apartments, Plaza Apartments, and Lincoln Apartments.	5,389,148
Total	$ 7,278,389

Total payments including interest necessary over the next five years for the primary government on the above notes are as follows:

	Principal	Interest	Total
2017	$ 320,000	$ 252,250	$ 572,250
2018	2,229,241	235,270	2,464,511
2019	360,000	218,250	578,250
2020	375,000	199,875	574,875
2021	390,000	179,860	569,860
2022-2026	2,170,000	650,000	2,820,000
2027-2028	1,434,148	60,000	1,494,148
Total	$ 7,278,389	$ 1,795,505	$ 9,073,894

NOTE 11: **LONG-TERM DEBT** (Continued)

The debt schedule for the component units is as follows:

Alliance Senior Tower LLC:	
First Mortgage - Principal Amount - $922,900 - Interest Rate of 1.0%	$ 714,920
2nd Mortgage - Payable to Department of HUD Interest Rate of 1.0%	1,147,843
3rd Mortgage - Payable to Department of HUD Interest Rate of 1.0%	143,913
Notes Payable Affiliates	231,431
Hunter House PSH, LLC -	
OHFA Loan	1,921,362
HDAP Loan	1,100,000
Home Loans	145,792
Total	$ 5,405,261

Amortization of the debt was not available.

NOTE 12: **CONDENSED FINANCIAL STATEMENT INFORMATION - COMPONENT UNITS**

Balance Sheet	Washington Area Housing	Hunter House PSH, LLC	Alliance Senior Towers LLC	Total
Current Assets	$ 163,449	$ 407,253	$ 566,754	$ 1,137,456
Capital Assets	314,727	6,134,937	2,026,648	8,476,312
Current Liabilities	(163,697)	(825,958)	(96,665)	(1,086,320)
Non-Current Liabilities	0	(3,011,718)	(2,213,401)	(5,225,119)
Net Position	$ 314,479	$2,704,514	$ 283,336	$ 3,302,329

Revenue Expenses and Changes in Equity				
Total Revenue	$ 302,607	$ 696,222	$ 728,843	$ 1,727,672
Total Expenses	312,764	802,706	642,507	1,757,977
Excess of Revenue Over Expenses	(10,157)	(106,484)	86,336	(30,305)
Beginning Net Position (as adjusted)	324,636	2,810,998	197,000	3,332,634
Ending Net Position	$ 314,479	$2,704,514	$ 283,336	$ 3,302,329

NOTE 13: **CONTINGENCIES**

Litigations and Claims
In the normal course of operations, the Authority may be subjected to litigation and claims. At March 31, 2016, the Authority is involved in several matters. While the outcome of these matter cannot presently be determined, management believes that the ultimate resolution will not have a material effect on the financial statements.

NOTE 14: **RESTRICTED NET POSITION**

For the fiscal year ended March 31, 2016, the Authority had $71,615 HAP reserve for the Section 8 program which is reported as restricted net pension.

NOTE 15: **EXTRAORDINARY ITEM**

The Authority returned $358,095 in funds received with respect to oil and gas leases received in prior fiscal years. These funds were returned to the company that paid them to the Authority as the leases were not approved by the Department of Housing and Urban Development.

STARK METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (1)

Traditional Plan	2016	2015	2014
Authority's Proportion of the Net Pension Liability / Asset	0.037071%	0.035394%	0.035394%
Authority's Proportionate Share of the Net Pension Liability / (Asset)	$6,421,164	$4,268,911	$4,172,491
Authority's Covered Payroll	$4,634,450	$4,355,925	$4,484,225
Authority's Proportionate Share of the Net Pension Liability / Asset as a Percentage of its Covered Payroll	138.55%	98.00%	93.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Traditional Plan	81.08%	86.45%	86.36%

Combined Plan	2016	2015	2014
Authority's Proportion of the Net Pension Liability / Asset	0.041660%	0.023007%	0.023007%
Authority's Proportionate Share of the Net Pension Liability / (Asset)	($20,273)	($8,858)	($2,414)
Authority's Covered Payroll	$143,150	$147,367	$133,500
Authority's Proportionate Share of the Net Pension Liability / Asset as a Percentage of its Covered Payroll	-14.16%	-6.01%	-1.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%	104.33%

(1) - Information prior to 2014 is not available.

Amounts presented as of the Authority's fiscal year end.
The plan measurement date is the prior calendar year end.

STARK METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1)

Traditional Plan	2016	2015	2014
Contractually Required Contributions	$ 556,134	$ 522,711	$ 538,107
Contributions in Relation to the Contractually Required Contribution	(556,134)	(522,711)	(538,107)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll	$ 4,634,450	$ 4,355,925	$ 4,484,225
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%

Combined Plan	2016	2015	2014
Contractually Required Contributions	$ 18,277	$ 17,178	$ 17,684
Contributions in Relation to the Contractually Required Contribution	(18,277)	(17,178)	(17,684)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll	$ 152,308	$ 143,150	$ 147,367
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%

(1) – Information prior to 2014 is not available.

STARK METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2016

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	403,130		20,129	372,367	88,728	36,161	188,182	23,523	517,727	1,649,947		1,649,947
112 Cash - Restricted - Modernization and Development	1,219,402									1,219,402		1,219,402
113 Cash - Other Restricted		71,615		664,549						736,164		736,164
114 Cash - Tenant Security Deposits	387,571			34,162			1,966			423,699		423,699
100 Total Cash	2,010,103	71,615	20,129	1,071,078	88,728	36,161	190,148	23,523	517,727	4,029,212	-	4,029,212
122 Accounts Receivable - HUD Other Projects	1,694,468		25,279					27,808		1,747,555		1,747,555
124 Accounts Receivable - Other Government	7,683								30,000	37,683		37,683
125 Accounts Receivable - Miscellaneous	104,822			19,996	3,460		17,816		966,517	1,112,611		1,112,611
126 Accounts Receivable - Tenants	101,035			35,512			11			136,558		136,558
126.1 Allowance for Doubtful Accounts -Tenants	-31,225			-18,229						-49,454		-49,454
127 Notes, Loans, & Mortgages Receivable - Current	44,492									44,492		44,492
128 Fraud Recovery		14,940								14,940		14,940
120 Total Receivables, Net of Allowances for Doubtful Accounts	1,921,275	14,940	25,279	37,279	3,460	-	17,827	27,808	996,517	3,044,385	-	3,044,385
142 Prepaid Expenses and Other Assets		350		29,099					3,000	32,449		32,449
143 Inventories	516,276									516,276		516,276
143.1 Allowance for Obsolete Inventories	-37,201									-37,201		-37,201
144 Inter Program Due From						25,099			341,544	366,643	-366,643	-
150 Total Current Assets	4,410,453	86,905	45,408	1,137,456	92,188	61,260	207,975	51,331	1,858,788	7,951,764	-366,643	7,585,121
161 Land	12,357,659			86,124					508,213	12,951,996		12,951,996
162 Buildings	147,390,653			9,618,016			931,152		12,508,785	170,448,606		170,448,606
163 Furniture, Equipment & Machinery - Dwellings	3,102,501			195,064						3,297,565		3,297,565
164 Furniture, Equipment & Machinery - Administration	1,044,554								1,290,988	2,335,542		2,335,542
166 Accumulated Depreciation	-117,252,862			-1,422,892			-279,346		-4,841,301	-123,796,401		-123,796,401
167 Construction in Progress	1,959,705									1,959,705		1,959,705
160 Total Capital Assets, Net of Accumulated Depreciation	48,602,210	-	-	8,476,312	-	-	651,806	-	9,466,685	67,197,013	-	67,197,013
171 Notes, Loans and Mortgages Receivable - Non-Current									362,044	362,044		362,044
174 Other Assets	4,151,175									4,151,175	-4,151,175	-
180 Total Non-Current Assets	52,753,385	-	-	8,476,312	-	-	651,806	-	9,828,729	71,710,232	-4,151,175	67,559,057
200 Deferred Outflow of Resources	1,334,471	98,664						10,848	741,414	2,185,397		2,185,397
290 Total Assets and Deferred Outflow of Resources	58,498,309	185,569	45,408	9,613,768	92,188	61,260	859,781	62,179	12,428,931	81,847,393	-4,517,818	77,329,575

STARK METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2016

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days				36,715	2,109			15,506		54,330		54,330
321 Accrued Wage/Payroll Taxes Payable	56,054	4,387						459	68,706	129,606		129,606
322 Accrued Compensated Absences - Current Portion	21,132	2,432							6,494	30,058		30,058
325 Accrued Interest Payable	130,125			108,075						238,200		238,200
331 Accounts Payable - HUD PHA Programs		9,910				30,000		14,318		54,228		54,228
333 Accounts Payable - Other Government	32,810						1,476			34,286		34,286
341 Tenant Security Deposits	387,571			34,162			1,966			423,699		423,699
342 Unearned Revenue	45,578			5,103	59,883		20,372			130,936		130,936
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	320,000			180,142						500,142		500,142
345 Other Current Liabilities	366,414	4,000	435	722,123		572	1,012	151	287,881	1,382,588		1,382,588
347 Inter Program - Due To	341,542	2,227	5,000				10,612	7,262		366,643	-366,643	-
310 Total Current Liabilities	1,701,226	22,956	5,435	1,086,320	61,992	30,572	35,438	37,696	363,081	3,344,716	-366,643	2,978,073
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	5,069,147			5,225,119					1,889,242	12,183,508		12,183,508
353 Non-current Liabilities - Other	9,155								4,410,200	4,419,355	-4,151,175	268,180
354 Accrued Compensated Absences - Non Current	401,503	46,202							123,387	571,092		571,092
357 Accrued Pension and OPEB Liabilities	3,908,582	288,981						31,772	2,171,556	6,400,891		6,400,891
350 Total Non-Current Liabilities	9,388,387	335,183	-	5,225,119	-	-	-	31,772	8,594,385	23,574,846	-4,151,175	19,423,671
300 Total Liabilities	11,089,613	358,139	5,435	6,311,439	61,992	30,572	35,438	69,468	8,957,466	26,919,562	-4,517,818	22,401,744
400 Deferred Inflow of Resources	84,371	6,238						686	46,877	138,172		138,172
508.4 Net Investment in Capital Assets	43,213,063			3,071,051			651,806		7,577,443	54,513,363		54,513,363
511.4 Restricted Net Position		71,615								71,615		71,615
512.4 Unrestricted Net Position	4,111,262	-250,423	39,973	231,278	30,196	30,688	172,537	-7,975	-4,152,855	204,681		204,681
513 Total Equity - Net Assets / Position	47,324,325	-178,808	39,973	3,302,329	30,196	30,688	824,343	-7,975	3,424,588	54,789,659	-	54,789,659
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	58,498,309	185,569	45,408	9,613,768	92,188	61,260	859,781	62,179	12,428,931	81,847,393	-4,517,818	77,329,575

STARK METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2016

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	5,494,585			1,061,323			50,358			6,606,266		6,606,266
70400 Tenant Revenue - Other	264,087			2,202			380			266,669		266,669
70500 Total Tenant Revenue	5,758,672	-	-	1,063,525	-	-	50,738	-	-	6,872,935	-	6,872,935
70600 HUD PHA Operating Grants	10,789,906	7,321,363	124,163		761,159	182,259		428,289		19,607,139		19,607,139
70610 Capital Grants	906,518									906,518		906,518
70710 Management Fee									2,215,077	2,215,077	-2,215,077	-
70730 Book Keeping Fee									368,618	368,618	-368,618	-
70740 Front Line Service Fee									774,291	774,291	-774,291	-
70750 Other Fees									31,501	31,501		31,501
70700 Total Fee Revenue	-	-	-	-	-	-	-	-	3,389,487	3,389,487	-3,357,986	31,501
70800 Other Government Grants							502,272			502,272		502,272
71100 Investment Income - Unrestricted	1,372			436			2		15,898	17,708		17,708
71400 Fraud Recovery		29,687								29,687		29,687
71500 Other Revenue	95,168	23,350		312,509			9,156		125,506	565,689		565,689
71600 Gain or Loss on Sale of Capital Assets							-378,600			-378,600		-378,600
70000 Total Revenue	17,551,636	7,374,400	124,163	1,376,470	761,159	182,259	183,568	428,289	3,530,891	31,512,835	-3,357,986	28,154,849
91100 Administrative Salaries	849,874	227,985		73,661				25,040	1,464,187	2,640,747		2,640,747
91200 Auditing Fees	2,710	1,447	5,000	23,400	139	30	80	15,000	460	48,266		48,266
91300 Management Fee	2,041,382	149,586		24,109						2,215,077	-2,215,077	-
91310 Book-keeping Fee	217,807	122,310	2,310	8,040	6,615	1,778	2,783	6,975		368,618	-368,618	-
91500 Employee Benefit contributions - Administrative	635,407	167,064		36,490				23,254	575,281	1,437,496		1,437,496
91600 Office Expenses	242,071	44,295		38,829		1,719	26,032	1,421	195,688	550,055		550,055
91700 Legal Expense	124,807	5,502	272	3,835	1,529	385	391		193,499	330,220	-90,689	239,531
91800 Travel	13,109			5,531					1,868	20,508		20,508
91900 Other	346,737	53,906	2,938	93,224	22,118	9,923	41,811	1,868	185,134	757,659	-89,208	668,451
91000 Total Operating - Administrative	4,473,904	772,095	10,520	307,119	30,401	13,835	71,097	73,558	2,616,117	8,368,646	-2,763,592	5,605,054
92100 Tenant Services - Salaries	90,928								40,664	131,592		131,592
92300 Employee Benefit Contributions - Tenant Services	28,173								9,858	38,031		38,031
92400 Tenant Services - Other	38,377			58,320						96,697	-53,998	42,699
92500 Total Tenant Services	157,478	-	-	58,320	-	-	-	-	50,522	266,320	-53,998	212,322
93100 Water	525,488	504		34,827			9,421	33	4,144	574,417		574,417
93200 Electricity	1,063,968	9,563		166,961			5,298	629	67,151	1,313,570		1,313,570
93300 Gas	859,585	1,042		37,960			9,945	68	3,908	912,508		912,508
93600 Sewer	588,097			19,711			5,295		1,751	614,854		614,854
93000 Total Utilities	3,037,138	11,109	-	259,459	-	-	29,959	730	76,954	3,415,349	-	3,415,349
94100 Ordinary Maintenance and Operations - Labor	1,981,102	141		31,199			3,774	11	315,461	2,331,688		2,331,688
94200 Ordinary Maintenance and Operations - Materials and Other	644,293	1,161		31,881			725		26,093	704,153		704,153
94300 Ordinary Maintenance and Operations Contracts	2,079,959	3,060		276,947			7,663	201	67,547	2,435,377	-540,396	1,894,981
94500 Employee Benefit Contributions - Ordinary Maintenance	1,180,379			14,172					110,962	1,305,513		1,305,513
94000 Total Maintenance	5,885,733	4,362	-	354,199	-	-	12,162	212	520,063	6,776,731	-540,396	6,236,335

STARK METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2016

	Project Total	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	2 State/Local	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
95100 Protective Services - Labor	158,986	8,007		45,323					1,894	214,210		214,210
95200 Protective Services - Other Contract Costs	106,786			45,921					31,434	184,141		184,141
95300 Protective Services - Other	9,892			16,019					1,707	27,618		27,618
95500 Employee Benefit Contributions - Protective Services	51,411								506	51,917		51,917
95000 Total Protective Services	327,075	8,007	-	107,263	-	-	-	-	35,541	477,886	-	477,886
96110 Property Insurance	368,734			47,111			3,723		18,550	438,118		438,118
96120 Liability Insurance	127,525	8,454		4,347			1,526		8,713	150,565		150,565
96130 Workmen's Compensation				6,372						6,372		6,372
96140 All Other Insurance	33,294	9,629		3,527				13	6,449	52,912		52,912
96100 Total insurance Premiums	529,553	18,083	-	61,357	-	-	5,249	13	33,712	647,967	-	647,967
96200 Other General Expenses	97,814	3,847	549	69,907	22,941	169,204	517,209		27,744	909,215		909,215
96210 Compensated Absences	105,047	30,727						221	45,646	181,641		181,641
96300 Payments in Lieu of Taxes	210,542			2,115			1,968		64,000	278,625		278,625
96400 Bad debt - Tenant Rents	266,276	7,242		23,399		1,078				297,995		297,995
96000 Total Other General Expenses	679,679	41,816	549	95,421	22,941	170,282	519,177	221	137,390	1,667,476	-	1,667,476
96710 Interest of Mortgage (or Bonds) Payable	267,875			144,472					7,180	419,527		419,527
96700 Total Interest Expense and Amortization Cost	267,875	-	-	144,472	-	-	-	-	7,180	419,527	-	419,527
96900 Total Operating Expenses	15,358,435	855,472	11,069	1,387,610	53,342	184,117	637,644	74,734	3,477,479	22,039,902	-3,357,986	18,681,916
97000 Excess of Operating Revenue over Operating Expenses	2,193,201	6,518,928	113,094	-11,140	707,817	-1,858	-454,076	353,555	53,412	9,472,933	-	9,472,933
97200 Casualty Losses - Non-capitalized	33,023									33,023		33,023
97300 Housing Assistance Payments		6,519,191	93,522		683,473			351,211		7,647,397		7,647,397
97400 Depreciation Expense	3,583,912			370,367			61,298		472,186	4,487,763		4,487,763
90000 Total Expenses	18,975,370	7,374,663	104,591	1,757,977	736,815	184,117	698,942	425,945	3,949,665	34,208,085	-3,357,986	30,850,099
10010 Operating Transfer In	1,352,924									1,352,924		1,352,924
10020 Operating transfer Out	-1,352,924									-1,352,924		-1,352,924
10070 Extraordinary Items, Net Gain/Loss	-358,045									-358,045		-358,045
10080 Special Items (Net Gain/Loss)				351,202						351,202		351,202
10100 Total Other financing Sources (Uses)	-358,045	-	-	351,202	-	-	-	-	-	-6,843	-	-6,843
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-1,781,779	-263	19,572	-30,305	24,344	-1,858	-515,374	2,344	-418,774	-2,702,093	-	-2,702,093
11020 Required Annual Debt Principal Payments	314,001									314,001		314,001
11030 Beginning Equity	51,520,995		20,401		5,852	32,546	902,031	9,311	5,622,729	58,113,865		58,113,865
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-2,414,891	-178,545		3,332,634			437,686	-19,630	-1,779,367	-622,113		-622,113
11170 Administrative Fee Equity		-250,423								-250,423		-250,423
11180 Housing Assistance Payments Equity		71,615								71,615		71,615
11190 Unit Months Available	30,496	19,860	432	1,200	1,509	417	672	1,104		55,690		55,690
11210 Number of Unit Months Leased	29,044	16,323	261	1,081	1,374	417	350	1,104		49,954		49,954

STARK METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2016

Federal Grantor/ *Pass Through Grantor/* Program Title	**CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs		
Conventional Low-Income Housing Program	14.850	$ 8,640,351
Section 8 Project Based Cluster		
Section 8 New Construction and Moderate Rehabilitation Programs:		
Moderate Rehabilitation Single Room Occupancy	14.249	124,163
Moderate Rehabilitation	14.856	428,289
Total Section 8 Project Based Cluster		552,452
Housing Choice Voucher Program Cluster		
Housing Choice Voucher Program	14.871	7,321,363
Capital Fund Program Cluster		
Capital Fund Program	14.872	3,056,073
Shelter Plus Care	14.238	761,159
Total Direct Programs		20,331,398
Passed Through Funds Passed Through Stark County		
Home Program - Tenant Based Rental Assistance	14.239	182,259
Total Passed Through Funds Passed Through Stark County		182,259
Total U.S. Department of Housing and Urban Development		20,513,657
TOTAL ALL PROGRAMS		$ 20,513,657

See accompanying note to the Schedule of Expenditures of Federal Awards.

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Stark Metropolitan Housing Authority (the "Authority"). The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is required to be included on the Schedule.

The information presented in the Schedule is presented in accordance with the requirements of the Uniform Guidance. The Catalog of Federal Domestic Assistance ("CFDA") numbers are presented for each federal grant.

Revenue and expenses are presented on an accrual basis of accounting with the exception of capital assets and depreciation. For purposes of the Schedule, depreciation expense is not recorded and the cost of capital asset additions is included as an expenditure.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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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
Stark Metropolitan Housing Authority
Canton, Ohio

Regional Inspector General of 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 business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Ohio, (Housing Authority) as of and for the fiscal year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Stark Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated October 17, 2016, wherein we noted the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, and restated its net position at March 31, 2015 for business-type activities. In addition, the Housing Authority restated its net position at March 31, 2015 for component units due to the inclusion of one additional component unit.

Our report includes a reference to other auditors who audited the financial statements of Hunter House PSH, LLC, as described in our report on the Housing Authority's financial statements. The financial statements of Hunter House PSH, LLC were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Stark 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 Stark Metropolitan Housing Authority, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stark 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 Stark Metropolitan Housing Authority, Ohio'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 Stark 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 Stark Metropolitan Housing Authority Ohio'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 Stark Metropolitan Housing Authority Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, Inc.

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

October 17, 2016

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Stark Metropolitan Housing Authority
Canton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Stark Metropolitan Housing Authority, Stark County, Ohio's (Housing Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Stark Metropolitan Housing Authority, Ohio's major federal programs for the year ended March 31, 2016. The Stark 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Stark 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 the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Stark 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 of its major federal programs. However, our audit does not provide a legal determination of the Stark Metropolitan Housing Authority, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, the Stark 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 each of its major federal programs for the year ended March 31, 2016,

Report on Internal Control Over Compliance

The management of the Stark 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 Stark Metropolitan Housing Authority, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Stark 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 the section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses of 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.

Purpose of this Report

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James G. Zupka CPA, Inc.
Certified Public Accountants

October 17, 2016

STARK METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

2016(i)	Type of Financial Statement Opinion	Unmodified
2016(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2016(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2016(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2016(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2016(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2016(v)	Type of Major Programs' Compliance Opinion	Unmodified
2016(vi)	Are there any reportable findings under .510(a)?	No
2016(vii)	Major Programs (list): Conventional Low Income Housing Program - CFDA # 14.850 Housing Choice Voucher Program - CFDA # 14.871	
2016(viii)	Dollar Threshold: Type A\B Programs	Type A: >$750,000 Type B: > all others
2016(ix)	Low Risk Auditee?	No

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.

STARK METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
MARCH 31, 2016

Finding Number	Finding Summary	Corrected?	Explanation
2015-001	Allowable Activities	Partially	Repeated as a Management Comment

The prior audit report, as of March 31, 2015, also included management letter recommendations. Management letter recommendations as of March 31, 2015 have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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STARK COUNTY METROPOLITAN HOUSING AUTHORITY

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 5, 2017

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