

Stark Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Stark Metropolitan Housing Authority, Stark County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2011 through March 31, 2012. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 29, 2013

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STARK METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2012

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Independent Auditors' Report

Board of Commissioners
Stark Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Stark Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2012, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Stark Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the component units of Stark Metropolitan Housing Authority (see Note 1C for a description), which statements reflect total assets constituting 4.9% of the total assets at March 31, 2012, and total operating revenues constituting 4.4% of total operating revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of such other auditors.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit and the report of other auditors provide a reasonable basis for my opinion.

In my opinion, based on my 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 component units of the Stark Metropolitan Housing Authority, Ohio, as of March 31, 2012, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 28, 2012, on my consideration of Stark Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of my audit.

Accounting principles generally accepted in the United States of America requires that the Management's Discussion and Analysis on page 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Stark Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the Basic Financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me and other auditors. In my opinion, the information is fairly stated in all material respect in relation to the basic financial statements taken as a whole.

**Salvatore
Consiglio**

Digitally signed by Salvatore Consiglio
DN: cn=Salvatore Consiglio,
o=Salvatore Consiglio, CPA, Inc., ou,
email=sconsiglio@salcpa.com, c=US
Date: 2013.01.14 17:52:23 -05'00'

Salvatore Consiglio, CPA, Inc.
September 28, 2012

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2012
(Unaudited)

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, 2012 activities, resulting changes and currently known facts as it related to the primary government. Component unit activity is excluded from the figures discussion unless specifically mentioned. Please read this in conjunction with the Authority's financial statements (beginning on page 14).

FINANCIAL HIGHLIGHTS

- The Authority's net assets decreased by \$2.61 million (or 3.74%) during 2012. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were \$67.21 million and \$69.82 million for 2012 and 2011 respectively. The component unit net assets increased by \$.22 and were \$0.70 and 0.48 for 2012 and 2011 respectively.
- Total revenues decreased by \$1.69 million (or 5.41%) during 2012, and were \$29.56 million and \$31.25 million for 2012 and 2011 respectively. The component unit revenue increased by \$0.71 or 109.23%.
- The total expenses of all Authority programs increased by \$1.64 million (or 5.37%). Total expenses were \$32.17 million and \$30.53 million for 2012 and 2011 respectively. The component unit expenses increased \$0.46 or 68.66%.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A

~ Management Discussion and Analysis ~
Basic Financial Statement
~ Authority-wide Financial Statements ~

Other Required Supplementary Information

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

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

STARK METROPOLITAN HOUSING AUTHORITY
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Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all activities are consolidated into columns, which add to a total for the entire Authority.

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

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

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

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets in Capital Assets, Net of Related Debt", or "Restricted Net Assets". This account resembles the old operating reserves account.

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

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

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

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
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Fund Financial Statements

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

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

The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Funds 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 and 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% of household income.

Capital Fund Program – The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

Other Programs – The housing authority operates various other programs:

Component Unit Activities - represents resources developed from a variety of activities.

Business Activities – represents non-HUD resources developed from a variety of activities.

Comprehensive Housing Counseling Grant - a grant program funded by the Department of Housing and Urban Development to provide housing counseling services.

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Section 8 Moderate Rehabilitation –The Authority administers Section 8 rental assistance programs where the department of Housing and Urban Development (HUD) enters into annual contribution contract with a private owner. The owner rent housing to eligible low-income individuals who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the Private Owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administration fee for these services rendered.

AUTHORITY-WIDE STATEMENT

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets compared to the prior year. The Authority is engaged only in business-type activities.

TABLE 1
Statement of Net Assets
(In millions of dollars)

<u>Stark Metropolitan Housing Authority</u>		
	<u>2012</u>	<u>2011</u>
Current Assets	\$ 4.62	\$ 5.60
Capital Assets	74.94	76.88
Noncurrent Assets	-	-
Total Assets	<u>\$ 79.56</u>	<u>\$ 82.48</u>
Current Liabilities	\$ 2.98	\$ 2.55
Long-Term Liabilities	9.37	10.11
Total Liabilities	<u>12.35</u>	<u>12.66</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	65.61	66.85
Restricted Net Assets	1.32	1.36
Unrestricted Net Assets	0.28	1.61
Total Net Assets	<u>67.21</u>	<u>69.82</u>
Total Liabilities and Net Assets	<u>\$ 79.56</u>	<u>\$ 82.48</u>

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	<u>Component Units</u>	
	<u>2012</u>	<u>2011</u>
Current Assets	\$ 1.19	\$ 1.08
Capital Assets	1.45	1.47
Noncurrent Assets	1.50	1.05
Total Assets	<u>\$ 4.14</u>	<u>\$ 3.60</u>
Current Liabilities	\$ 0.27	\$ 0.63
Long-Term Liabilities	3.17	2.49
Total Liabilities	<u>3.44</u>	<u>3.12</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	0.51	0.55
Restricted Net Assets	0.04	-
Unrestricted Net Assets	0.15	(0.07)
Total Net Assets	<u>0.70</u>	<u>0.48</u>
Total Liabilities and Net Assets	<u>\$ 4.14</u>	<u>\$ 3.60</u>

For more detailed information see the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

During 2012, current assets decreased by \$0.98 million, and current liabilities increased by \$0.43 million. Current assets primarily decreased due to the result of current year activities. Current liabilities increased primarily due to increase in accrued wages, vendor payables and compensated absences.

Capital assets also changed, decreasing from \$76.88 million to \$74.94 million. The \$1.94 million decrease may be attributed primarily to a combination of net acquisitions less current year depreciation. For more detail see Table 5 "Capital Assets and Debt Administration" below.

STARK METROPOLITAN HOUSING AUTHORITY
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Table 2 presents details on the change in Unrestricted Net Assets

TABLE 2
Statement of Net Assets
(in millions of dollars)

<u>Stark Metropolitan Housing Authority</u>			
	Investment in Capital Assets	Restricted Net Assets	Unrestricted Net Assets
Beginning Balance - March 31, 2011	\$ 66.85	\$ 1.36	\$ 1.61
Results of Operation	-	(0.04)	(2.57)
Adjustments:			
Current year Depreciation Expense (1)	(5.98)	-	5.98
Capital Expenditure (2)	4.04	-	(4.04)
Current year Debt Activities, Net	0.71	-	(0.71)
Rounding Adjustments	(0.01)	-	0.01
Ending Balance - March 31, 2012	<u>\$ 65.61</u>	<u>\$ 1.32</u>	<u>\$ 0.28</u>

<u>Component Unit</u>			
	Investment in Capital Assets	Restricted Net Assets	Unrestricted Net Assets
Beginning Balance - March 31, 2011	\$ 0.55	\$ -	\$ (0.07)
Results of Operation	-	0.04	0.19
Adjustments:			
Current year Depreciation Expense (1)	(0.09)	-	0.09
Capital Expenditure net of Disposals(2)	0.07	-	(0.07)
Current year Debt Activities, Net	(0.02)	-	0.02
Rounding Adjustments	-	-	(0.01)
Ending Balance - March 31, 2012	<u>\$ 0.51</u>	<u>\$ 0.04</u>	<u>\$ 0.15</u>

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

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(2) Capital expenditures represent an outflow of unrestricted net assets, 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 Assets provides a clearer change in financial well-being.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

TABLE 3
Statement of Net Assets (in millions of dollars)
Stark Metropolitan Housing Authority

	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 5.01	\$ 5.08
Operating Subsidies	19.48	19.15
Capital Grants	3.71	6.11
Investment Income	0.01	0.02
Other Revenues	1.35	0.89
Total Revenues	<u>29.56</u>	<u>31.25</u>
<u>Expenses</u>		
Administrative	5.04	5.59
Tenant Services	0.39	0.35
Utilities	3.28	3.38
Maintenance	5.49	5.58
Protective Services	0.60	0.57
General and Interest Expenses	2.53	2.12
Housing Assistance Payments	8.49	8.10
Depreciation	5.98	4.69
Other	0.37	0.15
Total Expenses	<u>32.17</u>	<u>30.53</u>
Net Increases (Decreases)	<u>\$ (2.61)</u>	<u>\$ 0.72</u>

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2012
(Unaudited)

	<u>Component Units</u>	
	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 0.39	\$ 0.39
Operating Subsidies	-	-
Investment Income	0.17	0.14
Other Revenues	0.80	0.12
Total Revenues	<u>1.36</u>	<u>0.65</u>
<u>Expenses</u>		
Administrative	0.44	0.24
Utilities	0.10	0.09
Maintenance	0.08	0.10
General and Interest Expenses	0.42	0.16
Depreciation	0.09	0.08
Total Expenses	<u>1.13</u>	<u>0.67</u>
Net Increases (Decreases)	<u>\$ 0.23</u>	<u>\$ (0.02)</u>

Also, for a more fair and in depth look at financial issues, see the internal financial statements.

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

Tenant revenue decreased slightly during 2012 in comparison to 2011. Operating subsidies increased while Capital Grants decreased. Total revenue over all decreased by \$1.69 million.

Administrative expense decreased by \$0.55 million. Utility expense decreased \$0.10 million. Ordinary maintenance expense decreased \$0.09 million and protective services increased \$0.03 million. General expenses increased \$0.33 million. Housing assistance payments increased by .39 million, depreciation increased \$1.29 million and other expenses increased \$0.30 million. The Authority continues to reduce natural gas expenses through a special rate negotiation initiative.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2012
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had \$74.94 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$1.94 million or 2.52% from the end of last year.

TABLE 4
Capital Assets at Year-End (net of Depreciation)
(in millions of dollars)

<u>Stark Metropolitan Housing Authority</u>		
	<u>2011</u>	<u>2010</u>
Land and Land Rights	\$ 16.02	\$ 15.67
Buildings and Improvements	147.63	130.49
Equipment	4.86	4.29
Accumulated Depreciation	(104.99)	(99.01)
Construction in Progress	11.42	25.44
Total	\$ 74.94	\$ 76.88

<u>Component Units</u>		
	<u>2011</u>	<u>2010</u>
Land and Land Rights	\$ 0.21	\$ 0.23
Buildings	1.74	1.66
Equipment	0.06	0.05
Accumulated Depreciation	(0.56)	(0.47)
Total	\$ 1.45	\$ 1.47

The following reconciliation summarizes the change in Capital Assets.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2012
(Unaudited)

TABLE 5
Change in Capital Assets
(in millions of dollars)

Table 5 - Changes in Capital Assets

	<u>SMHA</u>	<u>Component Unit</u>
Beginning Balance - March 31, 2011	\$ 76.88	\$ 1.47
Current Year Additions	4.04	0.07
Current year Depreciation Expense	(5.98)	(0.09)
Rounding Adjustment	-	-
Ending Balance - March 31, 2012	<u>\$ 74.94</u>	<u>\$ 1.45</u>

This year's majority additions, primarily capital expenditures related to modernizing the Authority's housing developments.

Debt Outstanding

As of year-end, the Authority had \$9.33 million in debt (bonds, notes, etc.) outstanding compared to \$10.04 million last year, a \$0.71 million decrease. The current year decrease represent portion of debt retired during the year. There was no new debt issued for the year.

TABLE 6
Outstanding Debt
(in millions of dollars)

	<u>SMHA</u>	<u>Component Unit</u>
Beginning Balance - March 31, 2011	\$ 10.04	\$ 0.92
Current Year Debt Issued	-	0.08
Current Year Principal Payments	(0.71)	(0.06)
Ending Balance - March 31, 2012	<u>\$ 9.33</u>	<u>\$ 0.94</u>

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Year ended March 31, 2012
(Unaudited)

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

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

STARK METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets
Proprietary Funds
March 31, 2012

	<i>Primary Government</i>	<i>Component Units</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 920,018	\$ 329,693
Restricted cash and cash equivalents	1,710,957	54,438
Investments	250,293	240,176
Receivables, net	1,268,374	538,920
Inventories, net	433,700	9,472
Prepaid expenses and other assets	37,604	20,497
Total current assets	4,620,946	1,193,196
Noncurrent assets		
Capital assets:		
Land	16,019,605	213,150
Building and equipment	152,492,113	1,799,401
Construction in Progress	11,420,221	-
Less accumulated depreciation	(104,990,012)	(560,071)
Capital assets, net	74,941,927	1,452,480
Other noncurrent assets	-	1,502,170
Total noncurrent assets	74,941,927	2,954,650
Total assets	\$ 79,562,873	\$ 4,147,846
LIABILITIES		
Current liabilities		
Accounts payable	\$ 575,695	\$ 36,104
Accrued liabilities	1,264,046	-
Intergovernmental payables	113,745	-
Tenant security deposits	393,599	13,071
Deferred revenue	26,640	15,982
Bonds, notes, and loans payable	481,487	63,867
Other current liabilities	131,927	143,527
Total current liabilities	\$ 2,987,139	\$ 272,551

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

STARK METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (Continued)
Proprietary Funds
March 31, 2012

	<i>Primary Government</i>	<i>Component Units</i>
Noncurrent liabilities		
Bonds, notes, and loans payable	\$ 8,854,342	\$ 876,336
Accrued compensated absences non-current	518,090	-
Noncurrent liabilities - other	-	2,295,814
<i>Total noncurrent liabilities</i>	<i>9,372,432</i>	<i>3,172,150</i>
Total liabilities	\$ 12,359,571	\$ 3,444,701
 <i>NET ASSETS</i>		
Invested in capital assets, net of related debt	\$ 65,606,098	\$ 512,277
Restricted net assets	1,317,358	41,367
Unrestricted net assets	279,846	149,501
Total net assets	\$ 67,203,302	\$ 703,145

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

STARK METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended March 31, 2012

	<i>Primary Government</i>	<i>Component Units</i>
<i>OPERATING REVENUES</i>		
Tenant Revenue	\$5,011,941	\$394,445
Government operating grants	19,482,988	-
Other revenue	1,348,851	798,232
Total operating revenues	25,843,780	1,192,677
<i>OPERATING EXPENSES</i>		
Administrative	5,042,278	442,106
Tenant services	386,934	-
Utilities	3,275,523	96,276
Maintenance	5,494,957	84,711
Protective services	595,487	-
General	2,020,998	372,651
Housing assistance payment	8,492,833	-
Casualty expenses	374,384	-
Depreciation	5,977,624	86,081
Total operating expenses	31,661,018	1,081,825
Operating income (loss)	(5,817,238)	110,852
<i>NONOPERATING REVENUES (EXPENSES)</i>		
Interest and investment revenue	7,139	165,628
Interest expense	(514,281)	(51,566)
Total nonoperating revenues (expenses)	(507,142)	114,062
Income (loss) before contributions and transfers	(6,324,380)	224,914
Capital grants	3,705,722	-
Change in net assets	(2,618,658)	224,914
Total net assets - beginning (restated)	69,821,960	478,231
Total net assets - ending	\$ 67,203,302	\$ 703,145

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

STARK METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2011

	<i>Primary Government</i>	<i>Component Units</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	\$19,482,988	\$0
Tenant revenue received	5,131,601	403,065
Other revenue received	995,748	581,643
Housing assistance payments made	(8,492,833)	0
General and administrative expenses paid	(16,320,292)	(1,165,363)
Net cash provided (used) by operating activities	797,212	(180,655)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grant funds received	3,705,722	0
Property and equipment purchased	(4,034,295)	(69,982)
Principal payment on debt	(699,769)	(63,310)
Interest payment on debt	(514,281)	(51,566)
Proceeds from debt issued	0	83,792
Net cash provided (used) by capital and related financing	(1,542,623)	(101,066)
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers from/to investments	10,118	289,747
Interest received	7,139	165,628
Net cash provided (used) by investing activities	17,257	455,375
Net increase (decrease) in cash	(728,154)	173,654
Cash and cash equivalents - Beginning of year	3,359,129	210,477
Cash and cash equivalents - End of year	\$2,630,975	\$384,131

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

STARK METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended March 31, 2011

	<i>Enterprise Fund</i>	<i>Component Units</i>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	(\$5,817,238)	\$110,852
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation	5,977,624	86,081
- (Increases) Decreases in Accounts Receivable	(67,765)	(239,647)
- (Increases) Decreases in Inventory	(18,943)	682
- (Increases) Decreases in Prepaid Assets	475,117	10,565
- (Increases) Decreases in Other Noncurrent Asset	0	(456,333)
- Increases (Decreases) in Accounts Payable	426,866	(8,207)
- Increases (Decreases) in Accrued Liabilities Payable	130,108	0
- Increases (Decreases) in Compensated Absences Payable	(101,113)	0
- Increases (Decreases) in Deferred Revenue	(40,609)	15,746
- Increases (Decreases) in Other Current Liabilities	81,927	143,527
- Increases (Decreases) in Tenant Security Deposits	(4,160)	(1,017)
- Increases (Decreases) in Other Non-Current Liabilities	0	678,320
- Increases (Decreases) in Payable to Government	(244,602)	(521,224)
	<u>\$797,212</u>	<u>(\$180,655)</u>
Net cash provided by operating activities	<u>\$797,212</u>	<u>(\$180,655)</u>

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

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

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

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 insure that the financial statements are not misleading consistent with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. Based on application of the criteria set forth in GASB Statement No. 14, 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 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

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)

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

C. Reporting Entity (Continued)

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 Freed Housing Corporation, the Washington Area Housing Agency, LLC, and the Stark Metropolitan Housing Authority Federal Credit Union. 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 Freed Housing Corporation (the Corporation) is a legally separate, non-profit organization, served by a board composed of local officials and community representatives. They are charged with the responsibilities of advancing, encouraging and promoting housing and related services to low and moderate income persons in the Stark County area. The Corporation is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. Due to the nature and significance of the Corporation's relationship to the Authority, the Corporation is presented as a component unit of the Authority. The Corporation has elected not to apply GASB Statement 29 since they have applied the AICPA not for-profit model. Separately issued 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 multifamily residential housing project in Stark County, Ohio. Separately issued audited financial statements can be obtained from the Authority.

The Stark Metropolitan Housing Authority Credit Union is a federal credit union chartered under the laws of the United States. The purpose of the credit union is to provide its members the opportunity to accumulate savings and to create a source of credit for them. Separately issued 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.

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

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. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the *Governmental Accounting Standards Board*.

G. Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Investment income earned in fiscal year 2012 totaled \$7,139 for the primary government and \$165,628 for the component unit.

H. Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$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.

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

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

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

Buildings	40 Years
Building Improvements	15 Years
Furniture and Equipment Dwellings	5 to 10 Years
Furniture and Equipment Administration	5 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.

K. Capital Contributions

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

L. Budgetary Accounting

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

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

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

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

M. Estimates (continued)

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

In 2006, the Authority adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This new 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 assets and change in net assets 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 withdrawal 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. 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 \$2,881,268 (including \$1,710,957 of restricted funds, \$250,293 of nonnegotiable certificates of deposit and \$1,310 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 \$109,508 were covered by National Credit Union Share Insurance Fund; deposits totaling \$479,363 were covered by Federal Depository Insurance, and deposits totaling \$2,792,815 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

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

B. Investments

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. 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.

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.

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.

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

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

B. Investments (Continued)

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.

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

	Cash & Cash Equivalent	Investments
Per Statement of Net Assets	\$2,881,268	\$0
Certificate of Deposits	(250,293)	250,293
	\$2,630,975	\$250,293

C. Component Unit

At year end, the carrying amount of the component units' investments and deposits was \$624,307, of this amount \$250,000 was covered by FDIC insurance and the balance was covered by a pledged collateral pool. Investments of the component unit consisted of money market funds at a local financial institution.

NOTE 3: **RESTRICTED CASH**

Restricted cash balance as of March 31, 2012 represents cash on hand for the following:

	Primary Government	Component Unit
Tenant Security Deposit	\$393,599	\$13,071
Restricted HAP Cash	198,403	0
Bond Proceeds to be used for Capital Improvement	1,118,955	0
Other Restricted Cash	0	41,367
	\$1,710,957	\$54,438

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)

NOTE 4: INSURANCE COVERAGE

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	\$193,201,357
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
Boiler and Machinery	\$10,000	\$50,000,000

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

NOTE 5: CAPITAL ASSETS

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

	Primary Government	Component Units	Total
<i>Capital Assets Not</i>			
<i>Depreciated:</i>			
Land	\$16,019,605	\$213,150	\$16,232,755
Construction in Progress	11,420,221	0	11,420,221
Total Capital Assets Not	27,439,826	213,150	27,652,976
<i>Capital Assets Being</i>			
Building and Building	147,629,992	1,742,860	149,372,852
Furniture and Equipment	4,862,121	56,541	4,918,662
Accumulated Depreciation	(104,990,012)	(560,071)	(105,550,083)
Total Capital Assets	47,502,101	1,239,330	48,741,431
Total Capital Assets	\$74,941,927	\$1,452,480	\$76,394,407

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

NOTE 5: CAPITAL ASSETS (Continued)

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

	Balance				Balance
	03/31/11	Adjust	Additions	Deletion	03/31/12
Capital Assets Not Being Depreciated:					
Land	\$15,666,246	\$0	\$353,359	\$0	\$16,019,605
Construction in Progress	25,439,198	(17,699,913)	3,680,936	0	11,420,221
Total Capital Assets Not Being Depreciated	41,105,444	(17,699,913)	4,034,295	0	27,439,826
Capital Assets Being Depreciated:					
Buildings & Improvements	130,495,287	17,134,705	0	0	147,629,992
Furnt, Mach. and Equip	4,296,913	565,208	0	0	4,862,121
Total Capital Assets Being Depreciated	134,792,200	17,699,913	0	0	152,492,113
Accumulated Depreciation:					
Buildings & Improvements	(98,466,297)	0	(5,856,596)	0	(104,322,893)
Furnt, Mach. and Equip	(546,090)	0	(121,029)	0	(667,119)
Total Accumulated Depreciation	(99,012,387)	0	(5,977,625)	0	(104,990,012)
Total Capital Assets Being Depreciated, Net	35,779,813	17,699,913	(5,977,625)	0	47,502,101
Total Capital Assets, Net	\$76,885,257	\$0	(\$1,943,330)	\$0	\$74,941,927

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)

NOTE 5: **CAPITAL ASSETS** (Continued)

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

	Balance 03/31/11	Adjust	Additions	Deletion	Balance 03/31/12
Capital Assets Not Being Depreciated:					
Land	\$228,050	(\$14,900)	\$0	\$0	\$213,150
Total Capital Assets Not Being Depreciated	228,050	(14,900)	0	0	213,150
Capital Assets Being Depreciated:					
Buildings	1,658,009	15,400	69,451	0	1,742,860
Furnt, Mach. and Equip	57,041	(500)	0	0	56,541
Total Capital Assets Being Depreciated	1,715,050	14,900	69,451	0	1,799,401
Accumulated Depreciation:					
Buildings	(422,201)	0	(84,214)	0	(506,415)
Furnt, Mach. and Equip -	(51,788)	0	(1,868)	0	(53,656)
Total Accumulated Depreciation	(473,989)	0	(86,082)	0	(560,071)
Total Capital Assets Being Depreciated, Net	1,241,061	14,900	(16,631)	0	1,239,330
Total Capital Assets, Net	\$1,469,111	\$0	(\$16,631)	\$0	\$1,452,480

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLANS**

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011-2012, member and employer rates were consistent across all three plans. The 2011-2012 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended March 31, 2012, 2011, and 2010 \$662,378, \$662,341, and \$624,779 respectively. One hundred percent has been contributed for all three years.

NOTE 7: **POSTEMPLOYMENT BENEFITS**

A. Plan Description

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

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)

NOTE 7: **POSTEMPLOYMENT BENEFITS** (Continued)

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

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

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

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

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011-2012 periods, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2011-2012, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

NOTE 7: POSTEMPLOYMENT BENEFITS (Continued)

ended March 31, 2012, 2011 and 2010, which were used to fund post-employment benefits, \$236,562, \$260,205 and \$245,449 respectively.

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

NOTE 8: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

NOTE 9: 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 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. 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.

The following is a summary of changes in compensated absences for the year ended March 31, 2012:

<u>Description</u>	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>03/31/11</u>	<u>Increase</u>	<u>Decrease</u>	<u>03/31/12</u>	<u>One Year</u>
Liability Amount	\$861,567	\$236,199	\$337,312	\$760,454	\$242,364

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

NOTE 10: LONG-TERM OBLIGATIONS

Changes in the Authority's long-term obligations during fiscal year 2012 are as follows:

	Balance 03/31/11	Additions	Adjust/ Deletions	Balance 03/31/12	Due within One Year
General Long-Term Obligations					
<i>Primary Government</i>					
FirstMerit – Hillview Apts – 08/07/02 5.15%	\$82,200	\$0	\$61,399	\$20,801	\$20,801
FirstMerit – Cleveland Ave 11/22/06 5.02%	823,599	0	49,898	773,701	51,761
Fifth Third – Equipment Lease 05/22/06 7.57%	2,129,639	0	133,472	1,996,167	143,925
Local Initiative Support – Knights of Columbus Renovation 7%	200,000	0	200,000	0	0
Ohio Housing Finance Agency – Serial Bonds 07/17/07 3.9% - 4.67%	6,800,160	0	255,000	6,545,160	265,000
Total Primary Government	\$10,035,598	\$0	\$699,769	\$9,335,829	\$481,487

	Balance 03/31/11	Additions	Deletions	Balance 03/31/12	Due within One Year
<i>Component Units</i>					
Freed Housing Corporation, (Various Notes)	\$591,544	\$83,792	\$27,225	\$648,111	\$25,432
Washington Area Housing Agency, LLC	328,709	0	36,617	292,092	38,435
Total Component Units	\$920,253	\$83,792	\$63,842	\$940,203	\$63,867

The Authority was obligated on the following notes as of March 31, 2012:

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

NOTE 10: **LONG-TERM OBLIGATIONS** (Continued)

First Merit Bank

Note dated August 7, 2002; due July 2013; payable in monthly installments of \$5,340 including interest at a fixed rate of 5.15%. The note was issued to fund project costs of improvements to Hillview Apartments. \$20,801

First Merit Bank

Note dated November 22, 2006; payable in monthly installments of \$6,611, including interest at a fixed rate of 5.02% with the note due December 2014. The note is issued for purchase and improvements of property at 601 Cleveland Avenue North, 773,701

Fifth Third Bank

Note dated May 22, 2006; due January 2017; payable in monthly installments 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. 1,996,167

Ohio Housing Finance Agency

Note dated July 17, 2007, due March 2027, funded 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. 6,545,160

Total \$ 9,335,829

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

NOTE 10: **LONG-TERM OBLIGATIONS** (Continued)

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

	Principal	Interest	Total
31-Mar-13	\$481,487	\$482,495	\$963,982
2014	488,899	456,841	945,740
2015	513,068	429,121	942,189
2016	1,098,042	384,573	1,482,615
2017	1,669,173	332,840	2,002,013
2018 – 2022	1,885,000	994,875	2,879,875
2023 – 2027	2,435,000	458,125	2,893,125
2028 – 2031	765,160	14,125	779,285
Total	<u>\$9,335,829</u>	<u>\$3,552,995</u>	<u>\$12,888,824</u>

The debt schedule for the component units is as follows:

Freed Housing:	
First Merit Bank - Line of Credit	\$143,343
First Merit Bank - Promissory Note - Principal Amount \$173,364, Interest Rate of 4.69% to 5.08%	152,938
First Merit Bank - Promissory Note - Principal Amount \$91,661, Interest Rate of 8.0%	76,533
First Merit Bank - Promissory Note - Principal Amount \$46,000, Interest Rate of 6.2%	35,207
First Merit Bank - Promissory Note - Principal Amount \$49,600, Interest Rate of 7.21%	37,668
First Merit Bank - Promissory Note - Principal Amount \$49,600 - Interest Rate of 7.1%	38,889
First Merit Bank - Promissory Note - Principal Amount \$47,920 - Interest Rate of 7.1%	37,408
First Merit Bank - Promissory Note - Principal Amount \$52,400 - Interest Rate of 7.68%	42,333
Forgivable Loan to Stark County Principal Amount \$83,792 - Interest Rate of 0.00%	83,792
Washington Area Housing Agency LLC	<u>292,092</u>
Total	<u>\$940,203</u>

Amortization of the debt was not available.

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

NOTE 11: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2012 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

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

	Freed Housing Corporation	Washington Housing LLC	Credit Union	Total
<u>Balance Sheet</u>				
Current Assets	\$403,342	\$126,680	\$663,174	\$1,193,196
Capital Assets	1,047,025	404,749	706	1,452,480
Other Assets	278,742	0	1,223,428	1,502,170
Current Laibilities	196,090	73,261	3,200	272,551
Non-Current Liabilities	1,444,196	253,657	1,474,297	3,172,150
Net Assets	<u>\$88,823</u>	<u>\$204,511</u>	<u>\$409,811</u>	<u>\$703,145</u>
<u>Revenue Expenses and Changes in Equity</u>				
Total Revenue	\$766,405	\$356,337	\$235,563	\$1,358,305
Total Expenses	719,179	285,741	128,471	1,133,391
Excess of Revenue Over Expense	47,226	70,596	107,092	224,914
Beginning Net Assets	41,597	133,915	302,719	478,231
Ending Net Assets	<u>\$88,823</u>	<u>\$204,511</u>	<u>\$409,811</u>	<u>\$703,145</u>

NOTE 13: EXTRAORDINARY LOSS ON FDS SCHEDULE

The Financial Date Schedule field with REAC reported an Extraordinary Loss of \$77,500. These amounts represent the write-off of the loans receivable that reached the 10 year mark. These loans represented property sold to eligible individuals from the housing authority homeownership program. The sale agreement specified that upon the 10 year anniversary, the receivable amount is to be forgiven.

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)**

NOTE 14: **CONTINGENCIES**

Litigations and Claims

In the normal course of operations the Authority may be subject to litigation and claims. At March 31, 2012 the Authority was involved in such matter. While the outcome of this matter cannot presently be determined, management believes that the ultimate resolution will not have a material effect on the financial statements.

Inspector General Audit / HUD Review

The HUD Inspector General Office is currently performing a review of the housing authority ARRA Funds and the HUD Cleveland Office is performing a review of the Authority financial statements. The results of these review are still pending and will be reported separately to the Stark Metropolitan Housing Authority at a later date.

The Authority received financial assistance from HUD in the form of annual contribution contract. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant award and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, the effect of any such disallowed claims on the overall financial position of the Authority at March 31, 2012, if applicable, cannot be determined at this time.

NOTE 15: **RELATED PARTY TRANSACTIONS**

The Stark Metropolitan Housing Authority (Authority) has entered into a memorandum of understanding with Ruthe and Isadore Freed Housing Corporation to operate the HOME Investment Partnerships Programs (HOME) on behalf of Stark Metropolitan Housing Authority. Under the HOME program, HUD allocated funds to the Participating Jurisdictions to be used to implement housing strategies in accordance with federal HOME regulations. Stark Metropolitan Housing Authority is designated as the Participating Jurisdictions for all of Stark County except for the City of Canton and the Village of Hills and Dales.

The Freed Housing Corporation (the Corporation) is a legally separate, non-profit organization, served by a board composed of local officials and community representatives. They are charged with the responsibilities of advancing, encouraging and promoting housing and related services to low and moderate income persons in the Stark County area. The Corporation is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. Due to the nature and significance of

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012
(CONTINUED)

NOTE 15: **RELATED PARTY TRANSACTIONS**(Continued)

the Corporation's relationship to the Authority, the Corporation is presented as a component unit of the Authority. The Corporation has no employees that are reported to the Internal Revenue Services under its federal identification number. The Corporation uses the Authority staff to perform the duties necessary to operate the HOME Program. Those individuals working on the Corporation activities are coded in the accounting records as working on those functions and reported on the Corporation financial statements.

In addition, the Authority also had the Corporation operate its Shelter Plus Care Program and its Section 8 Moderate Rehabilitation Single Room Occupancy Program during this fiscal year.

For the fiscal year ending March 31, 2012 the total fees that the Authority paid to the Corporation was as follows:

- Shelter Plus Care	\$37,218
- Single Room Occupancy Program	\$22,170
- HOME Program	\$19,813

NOTE 16: **SUBSEQUENT EVENTS**

Subsequent events are those events or transactions that occur following the statements of net assets date, but before the financial statements are issued or are available to issue. Accounting standards requires disclosure regarding the date through which subsequent events have been evaluated and the basis for determining that date. Subsequent events have been evaluated through September 28, 2012, which is the date the financial statements were available to be issued.

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)
111 Cash - Unrestricted	\$558,408	\$73,852	\$329,693	\$33,674	\$0	\$8,078	\$11,517	\$3,044	\$0
112 Cash - Restricted - Modernization and Development	\$1,118,955	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$198,403	\$41,367	\$0	\$0	\$0	\$0	\$0	\$0
114 Cash - Tenant Security Deposits	\$378,615	\$0	\$13,071	\$14,984	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$2,055,978	\$272,255	\$384,131	\$48,658	\$0	\$8,078	\$11,517	\$3,044	\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$8,471	\$3,455	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$773,047	\$15,101	\$320,636	\$424,180	\$0	\$0	\$0	\$8,471	\$0
126 Accounts Receivable - Tenants	\$62,018	\$0	\$7,172	\$3,644	\$0	\$0	\$0	\$0	\$0
126.1 Allowance for Doubtful Accounts - Tenants	(\$6,202)	\$0	(\$950)	(\$364)	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$212,062	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$10,577	\$13,141	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	(\$1,057)	(\$1,460)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$838,383	\$26,782	\$538,920	\$427,460	\$0	\$8,471	\$3,455	\$8,471	\$0
131 Investments - Unrestricted	\$0	\$0	\$240,176	\$250,293	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$20,974	\$12,298	\$20,497	\$0	\$0	\$0	\$0	\$0	\$0
143 Inventories	\$447,115	\$0	\$9,472	\$0	\$0	\$0	\$0	\$0	\$0
143.1 Allowance for Obsolete Inventories	(\$13,415)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)
144 Inter Program Due From	\$2,349,587	\$0	\$0	\$1,288,980	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$5,698,622	\$311,335	\$1,193,196	\$2,015,391	\$0	\$16,549	\$14,972	\$11,515	\$0
161 Land	\$15,395,155	\$0	\$213,150	\$19,600	\$0	\$0	\$0	\$0	\$0
162 Buildings	\$143,966,091	\$0	\$1,742,860	\$1,735,696	\$0	\$0	\$0	\$0	\$0
163 Furniture, Equipment & Machinery - Dwellings	\$3,426,380	\$0	\$17,696	\$0	\$0	\$0	\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$143,188	\$61,599	\$38,845	\$94,791	\$0	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	(\$102,484,409)	(\$61,599)	(\$560,071)	(\$869,041)	\$0	\$0	\$0	\$0	\$0
167 Construction in Progress	\$10,074,324	\$0	\$0	\$1,345,897	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$70,520,729	\$0	\$1,452,480	\$2,326,943	\$0	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$1,480,427	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$21,743	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$70,520,729	\$0	\$2,954,650	\$2,326,943	\$0	\$0	\$0	\$0	\$0
190 Total Assets	\$76,219,351	\$311,335	\$4,147,846	\$4,342,334	\$0	\$16,549	\$14,972	\$11,515	\$0
312 Accounts Payable <= 90 Days	\$475,744	\$0	\$36,104	\$1,948	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$170,675	\$20,618	\$0	\$0	\$0	\$0	\$0	\$0	\$0
322 Accrued Compensated Absences - Current Portion	\$151,002	\$16,115	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)
325 Accrued Interest Payable	\$157,263	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$4,038	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
341 Tenant Security Deposits	\$378,615	\$0	\$13,071	\$14,984	\$0	\$0	\$0	\$0	\$0
342 Deferred Revenues	\$14,269	\$11,681	\$15,982	\$690	\$0	\$0	\$0	\$0	\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$460,686	\$0	\$63,867	\$20,801	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$143,327	\$116,062	\$0	\$8,471	\$7,394	\$0	\$0
346 Accrued Liabilities - Other	\$151,541	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$3,652,765	\$2,466	\$0	\$1,773,915	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$5,612,560	\$50,880	\$272,551	\$1,928,400	\$0	\$8,471	\$11,432	\$0	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$8,854,342	\$0	\$876,336	\$0	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$2,295,814	\$0	\$0	\$0	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$352,902	\$31,751	\$0	\$0	\$0	\$0	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$9,207,244	\$31,751	\$3,172,150	\$0	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$14,819,804	\$82,631	\$3,444,701	\$1,928,400	\$0	\$8,471	\$11,432	\$0	\$0
508.1 Invested In Capital Assets, Net of Related Debt	\$61,205,701	\$0	\$512,277	\$2,306,142	\$0	\$0	\$0	\$0	\$0
511.1 Restricted Net Assets	\$1,118,955	\$198,403	\$41,367	\$0	\$0	\$0	\$0	\$0	\$0
512.1 Unrestricted Net Assets	(\$925,109)	\$30,301	\$149,501	\$107,792	\$0	\$8,078	\$3,540	\$11,515	\$0

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)
513 Total Equity/Net Assets	\$61,399,547	\$228,704	\$703,145	\$2,413,934	\$0	\$8,078	\$3,540	\$11,515	\$0
600 Total Liabilities and Equity/Net Assets	\$76,219,351	\$311,335	\$4,147,846	\$4,342,334	\$0	\$16,549	\$14,972	\$11,515	\$0
70300 Net Tenant Rental Revenue	\$4,828,546	\$0	\$123,276	\$169,626	\$0	\$0	\$0	\$0	\$0
70400 Tenant Revenue - Other	\$0	\$0	\$271,169	\$13,769	\$0	\$0	\$0	\$0	\$0
70500 Total Tenant Revenue	\$4,828,546	\$0	\$394,445	\$183,395	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$9,795,674	\$7,900,740	\$0	\$0	\$117,033	\$606,061	\$101,464	\$184,335	\$0
70610 Capital Grants	\$3,063,957	\$0	\$0	\$0	\$641,765	\$0	\$0	\$0	\$0
70710 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$291,823
71100 Investment Income - Unrestricted	\$4,739	\$273	\$1,318	\$977	\$0	\$0	\$6	\$0	\$0
71200 Mortgage Interest Income	\$0	\$0	\$164,310	\$0	\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$13,308	\$0	\$0	\$0	\$27	\$0	\$0	\$0
71500 Other Revenue	\$686,333	\$104,780	\$798,232	\$311,914	\$0	\$0	\$0	\$12,730	\$0
72000 Investment Income - Restricted	\$94	\$619	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70000 Total Revenue	\$18,379,343	\$8,019,720	\$1,358,305	\$496,286	\$758,798	\$606,088	\$101,470	\$197,065	\$291,823

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)
91100 Administrative Salaries	\$1,257,622	\$369,741	\$167,348	\$34,882	\$70,220	\$0	\$0	\$0	\$7,419
91200 Auditing Fees	\$15,171	\$7,251	\$0	\$390	\$0	\$0	\$0	\$0	\$0
91300 Management Fee	\$1,398,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91310 Book-keeping Fee	\$215,715	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91500 Employee Benefit contributions - Administrative	\$786,757	\$256,374	\$102,119	\$23,234	\$46,813	\$0	\$0	\$0	\$4,945
91600 Office Expenses	\$491,872	\$109,871	\$172,639	\$18,875	\$0	\$33	\$0	\$0	\$0
91700 Legal Expense	\$100,848	\$1,082	\$0	\$50	\$0	\$0	\$0	\$0	\$0
91800 Travel	\$5,644	\$3,277	\$0	\$32	\$0	\$0	\$0	\$0	\$0
91900 Other	\$49,035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
91000 Total Operating - Administrative	\$4,321,364	\$747,596	\$442,106	\$77,463	\$117,033	\$33	\$0	\$0	\$12,364
92100 Tenant Services - Salaries	\$62,655	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$33,612	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92400 Tenant Services - Other	\$70,522	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92500 Total Tenant Services	\$166,789	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$426,733	\$0	\$12,434	\$11,308	\$0	\$0	\$0	\$0	\$0
93200 Electricity	\$936,476	\$0	\$34,659	\$25,639	\$0	\$0	\$0	\$0	\$0
93300 Gas	\$1,324,735	\$0	\$38,308	\$31,233	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$429,169	\$0	\$10,875	\$9,427	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$3,117,113	\$0	\$96,276	\$77,607	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)
94100 Ordinary Maintenance and Operations - Labor	\$1,642,460	\$0	\$0	\$11,681	\$0	\$0	\$0	\$0	\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$480,753	\$0	\$76,771	\$1,628	\$0	\$0	\$0	\$0	\$0
94300 Ordinary Maintenance and Operations Contracts	\$2,212,217	\$0	\$7,940	\$72,711	\$0	\$0	\$0	\$0	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance	\$976,577	\$0	\$0	\$6,995	\$0	\$0	\$0	\$0	\$0
94000 Total Maintenance	\$5,312,007	\$0	\$84,711	\$93,015	\$0	\$0	\$0	\$0	\$0
95100 Protective Services - Labor	\$184,658	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$265,474	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$88,574	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$538,706	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$275,272	\$0	\$0	\$7,515	\$0	\$0	\$0	\$0	\$0
96120 Liability Insurance	\$256,700	\$20,315	\$0	\$6,711	\$0	\$0	\$0	\$0	\$0
96100 Total Insurance Premiums	\$531,972	\$20,315	\$0	\$14,226	\$0	\$0	\$0	\$0	\$0
96200 Other General Expenses	\$711,599	\$3,239	\$344,680	\$83,995	\$0	\$37,218	\$22,170	\$19,813	\$50,476
96210 Compensated Absences	\$32,225	\$7,195	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96300 Payments in Lieu of Taxes	\$148,457	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96400 Bad debt - Tenant Rents	\$214,196	\$0	\$0	\$29,171	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$27,971	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$1,106,477	\$10,434	\$372,651	\$113,166	\$0	\$37,218	\$22,170	\$19,813	\$50,476

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)
96710 Interest of Mortgage (or Bonds) Payable	\$314,526	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$196,599	\$0	\$51,566	\$3,156	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$511,125	\$0	\$51,566	\$3,156	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$15,605,553	\$778,345	\$1,047,310	\$378,633	\$117,033	\$37,251	\$22,170	\$19,813	\$62,840
97000 Excess of Operating Revenue over Operating Expenses	\$2,773,790	\$7,241,375	\$310,995	\$117,653	\$641,765	\$568,837	\$79,300	\$177,252	\$228,983
97200 Casualty Losses - Non-capitalized	\$374,384	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$7,260,412	\$0	\$0	\$0	\$561,597	\$77,760	\$167,737	\$0
97400 Depreciation Expense	\$5,689,932	\$0	\$86,081	\$93,155	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$21,669,869	\$8,038,757	\$1,133,391	\$471,788	\$117,033	\$598,848	\$99,930	\$187,550	\$62,840
10010 Operating Transfer In	\$596,136	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10020 Operating transfer Out	(\$596,136)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	Project Total	14.871 Housing Choice Vouchers	6 Component Units	2 State/Local	14.885 Formula Capital Fund Stimulus Grant	14.238 Shelter Plus Care	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$3,290,526)	(\$19,037)	\$224,914	\$24,498	\$641,765	\$7,240	\$1,540	\$9,515	\$228,983
11020 Required Annual Debt Principal Payments	\$460,686	\$0	\$63,867	\$20,801	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$64,048,308	\$247,741	\$478,231	\$2,160,453	\$0	\$838	\$2,000	\$2,000	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$641,765	\$0	\$0	\$228,983	(\$641,765)	\$0	\$0	\$0	(\$228,983)
11170 Administrative Fee Equity	\$0	\$30,301	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11180 Housing Assistance Payments Equity	\$0	\$198,403	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11190 Unit Months Available	\$30,009	\$17,330	\$684	\$660	\$0	\$1,363	\$432	\$369	\$0
11210 Number of Unit Months Leased	\$28,762	\$17,323	\$613	\$444	\$0	\$1,302	\$407	\$300	\$0
11270 Excess Cash	(\$2,692,849)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11610 Land Purchases	\$307,666	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$3,232,014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$33,842	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$127,385	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$596,136	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$5,815	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$109,634	\$121,811	\$1,249,711	\$0	\$1,249,711
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$1,118,955	\$0	\$1,118,955
113 Cash - Other Restricted	\$0	\$0	\$239,770	\$0	\$239,770
114 Cash - Tenant Security Deposits	\$0	\$0	\$406,670	\$0	\$406,670
100 Total Cash	\$109,634	\$121,811	\$3,015,106	\$0	\$3,015,106
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$11,926	\$0	\$11,926
125 Accounts Receivable - Miscellaneous	\$0	\$728,400	\$2,269,835	(\$773,048)	\$1,496,787
126 Accounts Receivable - Tenants	\$0	\$0	\$72,834	\$0	\$72,834
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	(\$7,516)	\$0	(\$7,516)
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$212,062	\$0	\$212,062
128 Fraud Recovery	\$0	\$0	\$23,718	\$0	\$23,718
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	(\$2,517)	\$0	(\$2,517)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$728,400	\$2,580,342	(\$773,048)	\$1,807,294
131 Investments - Unrestricted	\$0	\$0	\$490,469	\$0	\$490,469
142 Prepaid Expenses and Other Assets	\$839	\$3,493	\$58,101	\$0	\$58,101
143 Inventories	\$0	\$0	\$456,587	\$0	\$456,587
143.1 Allowance for Obsolete Inventories	\$0	\$0	(\$13,415)	\$0	(\$13,415)
144 Inter Program Due From	\$0	\$1,790,739	\$5,429,306	(\$5,429,306)	\$0

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
150 Total Current Assets	\$110,473	\$2,644,443	\$12,016,496	(\$6,202,354)	\$5,814,142
161 Land	\$0	\$604,850	\$16,232,755	\$0	\$16,232,755
162 Buildings	\$0	\$1,928,205	\$149,372,852	\$0	\$149,372,852
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$1,126,707	\$4,570,783	\$0	\$4,570,783
164 Furniture, Equipment & Machinery - Administration	\$0	\$9,456	\$347,879	\$0	\$347,879
166 Accumulated Depreciation	\$0	(\$1,574,963)	(\$105,550,083)	\$0	(\$105,550,083)
167 Construction in Progress	\$0	\$0	\$11,420,221	\$0	\$11,420,221
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$2,094,255	\$76,394,407	\$0	\$76,394,407
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$1,480,427	\$0	\$1,480,427
174 Other Assets	\$0	\$0	\$21,743	\$0	\$21,743
180 Total Non-Current Assets	\$0	\$2,094,255	\$77,896,577	\$0	\$77,896,577
190 Total Assets	\$110,473	\$4,738,698	\$89,913,073	(\$6,202,354)	\$83,710,719
312 Accounts Payable <= 90 Days	\$0	\$98,003	\$611,799	\$0	\$611,799
321 Accrued Wage/Payroll Taxes Payable	\$0	\$233,820	\$425,113	\$0	\$425,113
322 Accrued Compensated Absences - Current Portion	\$0	\$75,247	\$242,364	\$0	\$242,364
325 Accrued Interest Payable	\$0	\$0	\$157,263	\$0	\$157,263

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
331 Accounts Payable - HUD PHA Programs	\$109,707	\$0	\$113,745	\$0	\$113,745
332 Account Payable - PHA Projects	\$0	\$773,048	\$773,048	(\$773,048)	\$0
341 Tenant Security Deposits	\$0	\$0	\$406,670	\$0	\$406,670
342 Deferred Revenues	\$0	\$0	\$42,622	\$0	\$42,622
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$545,354	\$0	\$545,354
345 Other Current Liabilities	\$0	\$0	\$275,454	\$0	\$275,454
346 Accrued Liabilities - Other	\$0	\$287,765	\$439,306	\$0	\$439,306
347 Inter Program - Due To	\$160	\$0	\$5,429,306	(\$5,429,306)	\$0
310 Total Current Liabilities	\$109,867	\$1,467,883	\$9,462,044	(\$6,202,354)	\$3,259,690
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$9,730,678	\$0	\$9,730,678
353 Non-current Liabilities - Other	\$0	\$0	\$2,295,814	\$0	\$2,295,814
354 Accrued Compensated Absences - Non Current	\$0	\$133,437	\$518,090	\$0	\$518,090
350 Total Non-Current Liabilities	\$0	\$133,437	\$12,544,582	\$0	\$12,544,582
300 Total Liabilities	\$109,867	\$1,601,320	\$22,006,626	(\$6,202,354)	\$15,804,272
508.1 Invested In Capital Assets, Net of Related Debt	\$0	\$2,094,255	\$66,118,375	\$0	\$66,118,375
511.1 Restricted Net Assets	\$0	\$0	\$1,358,725	\$0	\$1,358,725
512.1 Unrestricted Net Assets	\$606	\$1,043,123	\$429,347	\$0	\$429,347
513 Total Equity/Net Assets	\$606	\$3,137,378	\$67,906,447	\$0	\$67,906,447

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
600 Total Liabilities and Equity/Net Assets	\$110,473	\$4,738,698	\$89,913,073	(\$6,202,354)	\$83,710,719
70300 Net Tenant Rental Revenue	\$0	\$0	\$5,121,448	\$0	\$5,121,448
70400 Tenant Revenue - Other	\$0	\$0	\$284,938	\$0	\$284,938
70500 Total Tenant Revenue	\$0	\$0	\$5,406,386	\$0	\$5,406,386
70600 HUD PHA Operating Grants	\$485,858	\$0	\$19,191,165	\$0	\$19,191,165
70610 Capital Grants	\$0	\$0	\$3,705,722	\$0	\$3,705,722
70710 Management Fee	\$0	\$1,398,700	\$1,398,700	(\$1,398,700)	\$0
70730 Book Keeping Fee	\$0	\$215,715	\$215,715	(\$215,715)	\$0
70800 Other Government Grants	\$0	\$0	\$291,823	\$0	\$291,823
71100 Investment Income - Unrestricted	\$0	\$407	\$7,720	\$0	\$7,720
71200 Mortgage Interest Income	\$0	\$0	\$164,310	\$0	\$164,310
71400 Fraud Recovery	\$38	\$0	\$13,373	\$0	\$13,373
71500 Other Revenue	\$0	\$219,721	\$2,133,710	\$0	\$2,133,710
72000 Investment Income - Restricted	\$24	\$0	\$737	\$0	\$737
70000 Total Revenue	\$485,920	\$1,834,543	\$32,529,361	(\$1,614,415)	\$30,914,946
91100 Administrative Salaries	\$30,675	\$605,910	\$2,543,817	\$0	\$2,543,817

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
91200 Auditing Fees	\$850	\$735	\$24,397	\$0	\$24,397
91300 Management Fee	\$0	\$0	\$1,398,700	(\$1,398,700)	\$0
91310 Book-keeping Fee	\$0	\$0	\$215,715	(\$215,715)	\$0
91500 Employee Benefit contributions - Administrative	\$21,836	\$410,214	\$1,652,292	\$0	\$1,652,292
91600 Office Expenses	\$5,813	\$280,845	\$1,079,948	\$0	\$1,079,948
91700 Legal Expense	\$0	\$14,832	\$116,812	\$0	\$116,812
91800 Travel	\$216	\$8,914	\$18,083	\$0	\$18,083
91900 Other	\$0	\$0	\$49,035	\$0	\$49,035
91000 Total Operating - Administrative	\$59,390	\$1,321,450	\$7,098,799	(\$1,614,415)	\$5,484,384
92100 Tenant Services - Salaries	\$0	\$141,489	\$204,144	\$0	\$204,144
92300 Employee Benefit Contributions - Tenant Services	\$0	\$78,656	\$112,268	\$0	\$112,268
92400 Tenant Services - Other	\$0	\$0	\$70,522	\$0	\$70,522
92500 Total Tenant Services	\$0	\$220,145	\$386,934	\$0	\$386,934
93100 Water	\$0	\$3,376	\$453,851	\$0	\$453,851
93200 Electricity	\$0	\$58,390	\$1,055,164	\$0	\$1,055,164
93300 Gas	\$0	\$17,488	\$1,411,764	\$0	\$1,411,764
93600 Sewer	\$0	\$1,549	\$451,020	\$0	\$451,020
93000 Total Utilities	\$0	\$80,803	\$3,371,799	\$0	\$3,371,799
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$1,654,141	\$0	\$1,654,141

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$6,019	\$565,171	\$0	\$565,171
94300 Ordinary Maintenance and Operations Contracts	\$0	\$83,916	\$2,376,784	\$0	\$2,376,784
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$983,572	\$0	\$983,572
94000 Total Maintenance	\$0	\$89,935	\$5,579,668	\$0	\$5,579,668
95100 Protective Services - Labor	\$0	\$41,992	\$226,650	\$0	\$226,650
95200 Protective Services - Other Contract Costs	\$0	\$844	\$266,318	\$0	\$266,318
95500 Employee Benefit Contributions - Protective Services	\$0	\$13,945	\$102,519	\$0	\$102,519
95000 Total Protective Services	\$0	\$56,781	\$595,487	\$0	\$595,487
96110 Property Insurance	\$0	\$2,315	\$285,102	\$0	\$285,102
96120 Liability Insurance	\$1,048	\$1,620	\$286,394	\$0	\$286,394
96100 Total insurance Premiums	\$1,048	\$3,935	\$571,496	\$0	\$571,496
96200 Other General Expenses	\$0	\$12,248	\$1,285,438	\$0	\$1,285,438
96210 Compensated Absences	\$0	\$0	\$39,420	\$0	\$39,420
96300 Payments in Lieu of Taxes	\$0	\$0	\$148,457	\$0	\$148,457
96400 Bad debt - Tenant Rents	\$0	\$0	\$243,367	\$0	\$243,367
96600 Bad debt - Other	\$0	\$0	\$27,971	\$0	\$27,971
96000 Total Other General Expenses	\$0	\$12,248	\$1,744,653	\$0	\$1,744,653

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$314,526	\$0	\$314,526
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$251,321	\$0	\$251,321
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$565,847	\$0	\$565,847
96900 Total Operating Expenses	\$60,438	\$1,785,297	\$19,914,683	(\$1,614,415)	\$18,300,268
97000 Excess of Operating Revenue over Operating Expenses	\$425,482	\$49,246	\$12,614,678	\$0	\$12,614,678
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$374,384	\$0	\$374,384
97300 Housing Assistance Payments	\$425,327	\$0	\$8,492,833	\$0	\$8,492,833
97400 Depreciation Expense	\$0	\$194,537	\$6,063,705	\$0	\$6,063,705
90000 Total Expenses	\$485,765	\$1,979,834	\$34,845,605	(\$1,614,415)	\$33,231,190
10010 Operating Transfer In	\$0	\$0	\$596,136	(\$596,136)	\$0
10020 Operating transfer Out	\$0	\$0	(\$596,136)	\$596,136	\$0
10070 Extraordinary Items, Net Gain/Loss	\$0	(\$77,500)	(\$77,500)	\$0	(\$77,500)
10100 Total Other financing Sources (Uses)	\$0	(\$77,500)	(\$77,500)	\$0	(\$77,500)

Stark Metropolitan Housing Authority
Financial Data Schedule
March 31, 2012

	14,856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$155	(\$222,791)	(\$2,393,744)	\$0	(\$2,393,744)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$545,354	\$0	\$545,354
11030 Beginning Equity	\$451	\$3,360,169	\$70,300,191	\$0	\$70,300,191
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$0	\$30,301	\$0	\$30,301
11180 Housing Assistance Payments Equity	\$0	\$0	\$198,403	\$0	\$198,403
11190 Unit Months Available	\$1,104	\$0	\$51,951	\$0	\$51,951
11210 Number of Unit Months Leased	\$1,013	\$0	\$50,164	\$0	\$50,164
11270 Excess Cash	\$0	\$0	(\$2,692,849)	\$0	(\$2,692,849)
11610 Land Purchases	\$0	\$0	\$307,666	\$0	\$307,666
11620 Building Purchases	\$0	\$0	\$3,232,014	\$0	\$3,232,014
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$33,842	\$0	\$33,842
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$127,385	\$0	\$127,385
13510 CFFP Debt Service Payments	\$0	\$0	\$596,136	\$0	\$596,136
13901 Replacement Housing Factor Funds	\$0	\$0	\$5,815	\$0	\$5,815

Stark Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended March 31, 2012

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	Pass- Through Entity #	EXPENDITURES
U.S. Department of Housing and Urban Development			
Direct Program			
Section 8 Project Base Cluster:			
Section 8 Moderate Rehab. Single Room Occupancy	14.249	(A)	\$101,464
Section 8 Moderate Rehab	14.856	(A)	485,858
Total Section 8 Project Base Cluster Programs			<u>587,322</u>
Shelter Plus Care Program	14.238	(A)	606,061
Public Housing Program	14.850	(A)	8,611,856
Housing Choice Voucher Program	14.871	(A)	7,900,740
Public Housing Capital Fund Cluster:			
Public Housing Capital Fund Program	14.872	(A)	4,247,775
Formula Stimulus Grant (Recovery Act Funded)	14.885	(A)	758,798
Total Public Housing Capital Fund Cluster Programs			<u>5,006,573</u>
Total Direct Awards			<u>22,712,552</u>
Passed Through Stark County			
HOME Investment Partnership Program	14.239	(A)	184,335
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	(A)	291,823
Total Passed Through from Stark County			<u>476,158</u>
Total Expenditure of Federal Award			<u><u>\$23,188,710</u></u>

(A) Pass-Through Entity Number is not know or applicable.



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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 Commissioners
Stark Metropolitan Housing Authority

I have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2012, which collectively comprise the Stark Metropolitan Housing Authority basic financial statements and have issued my report thereon dated September 28, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I did not audit the financial statements of the component units of the Stark Metropolitan Housing Authority, which statements reflect total assets of 4.9 percent of the total assets as of March 31, 2012 and total operating revenues constituting 4.4 percent of total operating revenues for the year then ended. These statements were audited by other auditors and these auditors have reported to you on the legal compliance and internal control over financial reporting of the component units. Accordingly, this report does not address the legal compliance and internal control over financial reporting of the component units of the Stark Metropolitan Housing Authority.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Stark Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, I have identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2012-SMHA-1 that I consider being significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

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

I have noted certain matters that I have reported to management of Stark Metropolitan Housing Authority in a separate letter dated September 28, 2012.

The Authority's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Stark Metropolitan Housing Authority response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

**Salvatore
Consiglio**  Digitally signed by Salvatore
Consiglio
DN: cn=Salvatore Consiglio,
o=Salvatore Consiglio, CPA, Inc., ou,
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Date: 2013.01.14 17:51:39 -05'00'

Salvatore Consiglio, CPA, Inc.
September 28, 2012



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Commissioners
Stark Metropolitan Housing Authority

Compliance

I have audited Stark Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of Stark Metropolitan Housing Authority, Ohio's major federal programs for the year ended March 31, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Stark Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Stark Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stark Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Stark Metropolitan Housing Authority, Ohio's compliance with those requirements.

As described in items 2012-SMHA-3, 2012-SMHA-4 and 2012-SMHA-5 in the accompanying schedule of findings and questioned costs, Stark Metropolitan Housing Authority, did not comply with requirements regarding Allowable Costs and Special Tests and Provision that are applicable to its Low Rent Public Housing and Housing Choice Voucher Programs. Compliance with such requirements is necessary, in my opinion, for Stark Metropolitan Housing Authority, to comply with the requirements applicable to those programs.

In my opinion, except for the noncompliance described in the preceding paragraph, Stark Metropolitan Housing Authority, complied, in all material respects, with the 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, 2012. The results of my auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-SMHA-2.

Internal Control Over Compliance

Management of Stark Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Stark Metropolitan Housing Authority, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Stark Metropolitan Housing Authority, Ohio's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-SMHA-5 to be material weaknesses.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-SMHA-1 through 2012-SMHA-4 to be significant deficiencies.

Stark Metropolitan Housing Authority, Ohio's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit Stark Metropolitan Housing Authority, Ohio's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Commissioners, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Salvatore
Consiglio**

Digitally signed by Salvatore
Consiglio
DN: cn=Salvatore Consiglio,
o=Salvatore Consiglio, CPA, Inc., ou,
email=sconsiglio@salcpa.com, c=US
Date: 2013.01.14 17:51:19 -05'00'

Salvatore Consiglio, CPA, Inc.
September 28, 2012

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2012

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	Yes
Type of Major Programs' Compliance Opinion	Qualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA # 14.872 PH Capital Fun Program; 14.885 Public Housing Capital Fund Stimulus (Formula); 14.850 Low Rent Public Housing; 14.871 Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$695,661 Type B: All Others
Low Risk Auditee?	No

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2012

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

FINDING NUMBER	2012-SMHA-1
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Significant Deficiency – Credit Card Policy

Condition: The Authority did not formally adopt its credit card policy. Audit procedures over the credit card charges revealed that the Authority had a writing policy regarding the use of credit card but it was not formally adopted, therefore it was not followed.

Criteria: Sound internal controls requires that controls are implemented and followed to ascertain that federal funds are spend for necessary and allowable purpose.

Effect: Audit procedures over the credit card statements revealed that the card was been used for personal use by certain staff. Those individuals that used the credit card did write a check and paid the credit card company directly for their personal use. The Finance Department did not record the personal charges on its accounting records and made certain that the balance on the card was paid in full.

Cause: Lack of policy resulted in unauthorized used of credit card.

Recommendation: The Authority must formally adopt its credit card policy and enforce the use of the credit card for housing authority business only. In addition, the credit card should be kept in a safe and secure place until needed. A sign in and out log should be maintained to document who and the purpose for the use of the card.

Corrective Action Plan: There is no credit card policy in place. SMHA will develop a formal credit card policy for the Board of Commissioners to approve at their next monthly meeting to be held November 29, 2012.

Contact Person: Deputy Director
Resolution Date: November 29, 2012

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2012

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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FINDING NUMBER	2012-SMHA-2
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Compliance Finding – Allowable Costs - Contractual Agreement

U.S. Department of HUD

Shelter Plus Care Program (CFDA # 14.238)

HOME Investment Partnership Program (CFDA #14.239)

Section 8 Mod Rehab SRO Program (CFDA # 14.249)

Condition: The Authority incurred \$79,201 of fee that was not necessary or reasonable.

Criteria: OMB Circular A-87 requires that allowable expenses must be reasonable and necessary.

Effect: Audit procedures over contract awarded during the year revealed a Memorandum of Understanding (MOU) between Stark Metropolitan Housing Authority and Ruthe and Isadore Freed Housing Corporation to operate the HOME Investment Partnerships Programs (HOME) on behalf of Stark Metropolitan Housing Authority. Under the HOME program, HUD allocated funds to the Participating Jurisdictions to be used to implement housing strategies in accordance with federal HOME regulations. Stark Metropolitan Housing Authority is designated as the Participating Jurisdictions for all of Stark County except for the City of Canton and the Village of Hills and Dales.

The Freed Housing Corporation (the Corporation) is a legally separate, non-profit organization, served by a board composed of local officials and community representatives. Freed Housing Corporation financial statements are presented as a component unit of the Authority. The Corporation has no employees of its own. The Corporation uses the Authority staff to perform the duties necessary to operate the HOME Program. Those individuals working on the Corporation activities are coded in the accounting records as working on those functions and reported on the Corporation financial statements.

No procurement procedures were followed in entering into this agreement. In addition it was noted that the Authority also had the Corporation operate its Shelter Plus Care Program and its Section 8 Moderate Rehabilitation Single Room Occupancy Program during this fiscal year although those programs were not listed on the MOU nor were any other agreements entered into.

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
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Effect: For the fiscal year ending March 31, 2012 the total fees that the Authority paid to the Corporation were:

- Shelter Plus Care	\$37,218
- Single Room Occupancy Program	\$22,170
- HOME Program	\$19,813

The work necessary to operate the programs listed above was performed by the Authority staff not by the Corporation (the Corporation has no employees) therefore these costs should not have been incurred by those programs.

Cause: No explanation was provided.

Recommendation: The Corporation must reimburse the above programs the full \$79,201 amount.

Corrective Action Plan: SMHA strongly disagrees with this finding. Freed Housing Corporation is an active entity that supports the operations of SMHA, including the management of SMHA special programs. As such, it receives revenues from a variety of sources to offset the costs of operations. These include management fees, developer fees, and grants among others. The fact that it has no employees is irrelevant. Further, the \$79,201 fees are necessary and reasonable in that they are established and paid by HUD as administrative fees to run these programs. These administrative fees are not restricted in the same manner as the post 2003 HCV administrative fees, and are allowed to be used by the COCC as they deem appropriate. SMHA consulted with another auditor familiar with housing authorities who indicated this arrangement was not unusual or unreasonable.

Contact Person: Deputy Director
Resolution Date: N/A

Federal Questioned Costs:

Shelter Plus Care	\$37,218
Single Room Occupancy Program	\$22,170
HOME Program	\$19,813

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
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FINDING NUMBER	2012-SMHA-3
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Compliance Finding – Allowable Costs - Credit Union Salary Expense

**U.S. Department of HUD
Low Rent Public Housing Program (CFDA # 14.850)**

Condition: The Low Rent Public Housing Program paid for \$240,547 of salary expenses to employees working on the Stark Metropolitan Housing Authority Federal Credit Union. Audit procedures over payroll revealed that during the fiscal year, the Authority staff working on the federal credit union was recorded to the central office. However, a journal entry was made at the end of the year to move \$240,547 of salaries and benefits from the central office to the Low Rent Public Housing Program.

Criteria: OMB Circular A-87 states that to be an allowable expense under Federal awards, costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards.

Effect: The Low Rent Public Housing Program paid for expenses for employees working on the Federal Credit Union.

Cause: Management believes that these are allowable expenses for the public housing program under the tenants services because the housing authority tenants are receiving the services from the credit union as members of the federal credit union.

Recommendation: The central office must reimburse the Low Rent Public Housing Program for the salary and employees paid for the individual working on the credit union in the amount of \$240,547.

Corrective Action Plan: The Stark Metropolitan Housing Authority Federal Credit Union was established with a grant from the U.S. Department of Housing and Urban Development. It is a low income designated credit union operating out of a SMHA community building, run by SMHA employees as a service we provide to residents. Several years ago, HUD reduced funding for the Resident Opportunity and Self Sufficiency grant, reasoning that many of these activities are eligible to be paid out of the Operating Subsidy provided to Housing Authorities. Low income individuals are often subject to predatory lending practices. They are unable to obtain credit at an affordable cost. The SMHA Credit Union provides credit counseling and allows residents to establish and build credit by providing affordable loans, primarily for used automobiles. These automobiles allow residents the opportunity to seek employment, achieve a greater level of economic self sufficiency through higher income levels. In turn, the housing authority is able to collect higher rents, and requires less operating subsidy (via the HUD subsidy funding formula) to operate. Establishing and building good credit is also

Stark Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 March 31, 2012

essential to homeownership opportunities. The activities of the Credit Union are key to resident opportunities and self sufficiency.

Contact Person: Deputy Director
 Resolution Date: N/A

Federal Questioned Costs:

Public Housing Program \$240,547

FINDING NUMBER	2012-SMHA-4
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Compliance Finding – Allowable Costs - Insurance Expense

U.S. Department of HUD

Low Rent Public Housing Program (CFDA # 14.850)

Housing Choice Voucher Program (CFDA #14.871)

Condition: The Central Office financial statements under Other Revenue include \$125,984 of dividends received from its insurance company. This money should have been allocated to the various programs using the same allocation basis for allocating the insurance cost paid during the year.

Criteria: OMB Circular A-87 requires that allowable expenses must be net of all applicable credits.

Effect: The Central Office revenue is over stated by \$125,984 and the various programs operated by the housing authority expenses are overstated by the same amount.

Cause: Management is under the understanding that the central office is entitle to this revenue.

Recommendation: The dividends received from the insurance company represent refund of premiums paid and should be allocated to the various programs using the same allocation basis for recording the expenses.

Corrective Action Plan: SMHA is part owner of the Housing Authority Risk Retention Group (HARRG) and Housing Authority Property Insurance (HAPI). We are a full capital member of these companies based on our paid in capital. As their name suggests, these companies specialize in housing authority business and operations. We were previously advised by them that the proceeds received represent Policy Dividends, Premium Dividends and/or Equity Dividends. It was explained that dividends based on

Stark Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 March 31, 2012

ownership would be revenue for the COCC versus refunds/rebates that would be revenue for AMP's, and the revenues were booked accordingly.

Contact Person: Deputy Director
 Resolution Date: N/A

Federal Questioned Costs:

Public Housing Program & Housing Choice Voucher \$125,984

FINDING NUMBER	2012-SMHA-5
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Material Finding – Excess Cash

**U.S. Department of HUD
 Low Rent Public Housing (CFDA # 14.850)**

Condition: The Authority reported on the Financial Data Schedule line 125 – Account Receivable Miscellaneous \$773,047. This amount was reported by the public housing project as a receivable from the Central Office (COCC). This finding is repeated from last year audit report of which the balance as of March 31, 2011 \$266,036.

Criteria: HUD Handbook 7475.1 Section 6.1 through 6.6 provided guidance on the use of excess cash. The handbook defines excess cash as follows: “at the end of the second year of project-based accounting and beyond, excess cash represents the sum of certain current asset accounts less current liabilities and less one month worth of operating expenses for the project”.

In addition, the HUD guidance identifies allowable usage of excess cash for the following purposes:

- (1) Retention for future use;
- (2) Transfer to other projects;
- (3) Payment of an asset management fee to the COCC; and
- (4) Other HUD-approved eligible purposes, including, but not limited to–
 - (a) Financing costs for the development of new units (to the extent allowed under program requirements),
 - (b) Costs of pursuing PHA-wide lawsuits and addressing legal issues incurred prior to asset management that cannot be charged to specific projects or other programs with any degree of accuracy or fairness, and

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
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March 31, 2012

- (c) Accrued pension liabilities, retirement benefits liabilities, and other “legacy costs” incurred prior to adoption of asset management (24 CFR section 990.280(b)(5)). (Also see Section 6.2 in the Supplement to HUD Handbook 7475.1.)

In addition, the guidance states “excess cash cannot be used for loans or transfers to the COCC except through payment of asset management fees.”

Effect: The Authority used cash from the public housing projected to loan to the COCC. This loan is specifically identified by HUD as not allowable use of excess cash.

Cause: No explanation was provided.

Recommendation: The COCC must reimburse the projects the full \$266,036 amount.

Corrective Action Plan: Approximately \$192,000 represents salaries and benefits for the current year from a centralized payroll system (all payroll runs through the COCC) that are due to be repaid to COCC over the next 6 months. Approximately \$174,000 represents salaries & benefits paid out of COCC for Metropolitan Centre program activities that were not properly recorded. Subsequent to the March 31 year end, it was determined that SMHA was not properly recording the Metropolitan Centre activities properly. Specifically, the property was reported on the FDS schedule under AMP Other, and should instead be incorporated into an adjacent AMP 730. By reporting as part of AMP 730, the Metropolitan Centre is eligible to use CFP 1406 operating funds to support activities as opposed to using COCC funds or other AMP subsidies. We have been in contact with the Cleveland HUD field office to determine how best to proceed.

Contact Person: Deputy Director

Resolution Date: N/A

Federal Questioned Costs:

Public Housing Program \$773,047

Stark Metropolitan Housing Authority
 Schedule of Prior Audit Findings
 March 31, 2012

The following are the status of the March 31, 2011 audit findings.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-SMHA -1	Significant Deficiency - Financial Statement	Yes	Corrected – No errors noted during the current audit period.
2011-SMHA-2	Compliance Finding – Financial Reporting	Yes	Corrected – No errors noted during the current audit period.
2011-SMHA-3	Compliance Finding - Reporting	Yes	Corrected – No errors noted during the current audit period.
2011-SMHA-4	Material Finding – Excess Cash	No	Not Corrected – Finding repeated as 2012-SMHA-5



Dave Yost • Auditor of State

STARK 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
FEBRUARY 12, 2013**