

**STARK METROPOLITAN  
HOUSING AUTHORITY  
STARK COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED  
MARCH 31, 2017**

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





# Dave Yost • Auditor of State

Board of Directors  
Stark County Metropolitan Housing Authority  
400 E. Tuscarawas St  
Canton, OH 44702

We have reviewed the *Independent Auditor's Report* of the Stark County Metropolitan Housing Authority, Stark County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2016 through March 31, 2017. 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 County 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

October 25, 2017

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**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
AUDIT REPORT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

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

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Stark Metropolitan Housing Authority  
Canton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Stark County, Ohio, (the Authority) as of and for the fiscal year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hunter House PSH, LLC, which represent 66 percent, 78 percent, and 39 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hunter House PSH, LLC, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors audited the financial statements of Hunter House PSH, LLC, in accordance with auditing standards generally accepted in the United State of America and not in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Ohio, as of March 31, 2017, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stark Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.



**Other Reporting Required by *Government Auditing Standards***


In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2017, on our consideration of the Stark Metropolitan Housing Authority, Ohio’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.

**James G. Zupka,**

**CPA, President**

James G. Zupka, CPA, Inc.

Certified Public Accountants



Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James  
G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.09.29 11:53:09 -04'00'

September 20, 2017

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**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2017**  
**(UNAUDITED)**

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Stark Metropolitan Housing Authority's ("the Authority") management discussion and analysis complies with Governmental Accounting Standards Board ("GASB") Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Disclosures*. Purpose of Management Discussion and Analysis (MD&A) is to assist reader on significant financial issues, provide an overview of Authority's financial activity, identify changes in Authority's financial position, and identify individual fund issues or concerns.

Management's Discussion and Analysis (MD&A) is designed to focus on fiscal year end March 31, 2017 activities, resulting changes, and currently known facts of primary government. Please read it in conjunction with Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority's financial position at March 31, 2017, reflected total assets and deferred outflows of resources of \$ 61.87 million and total liabilities of \$17.85 million. Total net position was \$43.87 million. Financial operations were in accordance with revenue expectations and approved budget plan. Net position decreased by \$7.6 million or approximately 14.79 percent.
- Total revenue decreased by 5.25 million or 19.62 percent with the change related to 5.9 million in Loss on Disposal of Assets. Total revenue was 21.52 million in fiscal 2017 and 26.78 million in fiscal 2016.
- Total expenses were 29.13 million in fiscal year 2017 and 29.45 million in fiscal year 2016.

**FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

#### **STATEMENT OF NET POSITION**

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

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

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**(UNAUDITED)**

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Net Investment in Capital Assets: This component of net position consists of capital assets, reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of net position consists of restricted assets. Constricted assets are assets with constraints placed by creditors (such as debt covenants), grantors, contributors, laws, and regulations.

Unrestricted Net Position: Consists of net position that does not meet definition of "Net Investment in Capital Assets", or "Restricted Net Position".

Financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an income statement. This Statement includes Operating Revenues, such as rental income; Operating Expenses, such as administrative, utilities, maintenance, and depreciation; and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

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

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

### **The Authority's Programs**

***Conventional Public Housing*** - Under Conventional Public Housing Program, the Authority rents units it owns to low-income households. Operation of Conventional Public Housing Program is under an Annual Contributions Contract (ACC) with HUD. HUD provides Operating Subsidy and Capital Grant funding. Subsidy enables the Authority to provide housing and sets participants' rent at 30 percent of household income. Capital Fund Program is primary funding for physical and management improvements to the Authority's properties.

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

***Capital Fund Program (CFP)*** - This is the current primary funding source for the Authority's physical and management improvements. CFP uses a revised HUD CPG formula funding methodology. HUD's formula allocation, size and age of units determines the Authority's funding.

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

**STARK METROPOLITAN HOUSING AUTHORITY  
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*Component Unit* - These resources were developed from a variety of activities.

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

**AUTHORITY-WIDE STATEMENTS**

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

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

	2017	2016
<b><u>Assets and Deferred Outflows</u></b>		
Current Assets	\$ 9,475,556	\$ 6,447,665
Capital Assets	49,372,064	58,720,701
Deferred Outflows	2,763,413	2,185,397
Other Non-Current Assets	267,600	362,044
<b>Total Assets and Deferred Outflows</b>	<b>61,878,633</b>	<b>67,715,807</b>
<b><u>Liabilities</u></b>		
Current Liabilities	2,291,544	1,891,753
Non-Current Liabilities	15,564,342	14,198,552
<b>Total Liabilities</b>	<b>17,855,886</b>	<b>16,090,305</b>
<b>Deferred Inflows</b>	<b>150,120</b>	<b>138,172</b>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	42,429,688	51,442,312
Restricted	90,043	71,615
Unrestricted	1,352,896	(26,597)
<b>Total Net Position</b>	<b>43,872,627</b>	<b>51,487,330</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 61,878,633</b>	<b>\$ 67,715,807</b>

For more detailed information see page 12 for the Statement of Net Position.

**Major Factors Affecting Statement of Net Position**

Total assets and deferred outflow of resources decreased by \$ 5.84 million or 8.62 percent. The change includes increase in total current assets of \$ 3.02 million primarily due to \$ 2.31 million increase in cash and \$ 0.77 million increase in accounts receivable. Total non-current assets decreased by \$ 9.44 million due to disposal of Metro Center property and increase in accumulated depreciation of Capital Assets. Total liabilities increased by \$ 1.76 million or 10.9 percent primarily due to recording GASB 68 pension liability.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(UNAUDITED)**

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

**Table 2 - Change in Unrestricted Net Position  
Primary Government**

	2017
Beginning Balance - March 31, 2016	\$ (26,647)
Results of Operations	(7,614,703)
Adjustments:	
Current Year Depreciation Expense (1)	3,764,458
Capital Expenditures less loss on disposal (2)	5,584,229
Debt Principal Payments	(336,013)
Transfer from Restricted Net Position	(18,428)
Ending Balance - March 31, 2017	<u>\$ 1,352,896</u>

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

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

While Results of Operations are a significant measure of the Authority's activities, the analysis of changes in Unrestricted Net Position provides a clearer change in financial well-being.

**Statement of Revenues, Expenses, and Changes in Net Position**

Total revenues decreased by \$5.3 million or 19.6 percent. This net decrease is a result of loss on asset disposal, continuing increase in the Capital Fund Grant allocation, timing differences in Capital Fund projects from year to year, public housing subsidy, and other revenues. Total expenses have normalized with a slight decrease of \$312,000 or 1.06 percent.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(UNAUDITED)**

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

	2017	2016
<b>Revenues</b>		
Tenant Revenue - Rent and Other	\$ 5,847,395	\$ 5,809,410
Operating Subsidies and Grants	18,564,144	20,109,411
Capital Grants	2,473,980	906,518
Investment Income	15,822	17,272
Other Revenues	513,826	314,368
Loss on Disposal of Assets	(5,891,993)	(378,600)
<b>Total Revenues</b>	<b>21,523,174</b>	<b>26,778,379</b>
<b>Expenses</b>		
Administrative	5,365,800	5,297,935
Utilities	3,282,866	3,155,890
Maintenance	6,649,705	5,882,136
Tenant Services	159,447	154,002
General and Protective Services	2,264,912	2,562,311
Interest Expense	252,251	275,055
Housing Assistance Payments	7,398,438	7,647,397
Depreciation	3,764,458	4,117,396
Extraordinary Items	0	358,045
<b>Total Expenses</b>	<b>29,137,877</b>	<b>29,450,167</b>
Net Increase (Decrease)	<b>\$ (7,614,703)</b>	<b>\$ (2,671,788)</b>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the Authority had \$ 49.3 million invested in a variety of capital assets as reflected in following schedule, which represents a net decrease (addition, deductions, and depreciation) of \$ 9.3 million from end of last year.

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

	2017	2016
Land	\$ 12,801,672	\$ 12,865,872
Construction in Progress	4,113,684	1,959,705
Buildings	150,285,896	160,830,590
Equipment	5,372,697	5,438,043
Accumulated Depreciation	(123,201,885)	(122,373,509)
<b>Total</b>	<b>\$ 49,372,064</b>	<b>\$ 58,720,701</b>



**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(UNAUDITED)**

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

**Table 5 - Change in Capital Assets  
Primary Government**

	2017
Beginning Balance - March 31, 2016	\$ 58,720,701
Current Year Additions	2,181,291
Current Year Disposal	(7,765,469)
Current Year Depreciation Expense	(3,764,459)
Ending Balance - March 31, 2017	<u>\$ 49,372,064</u>

**DEBT OUTSTANDING**

As of year-end, the Authority had \$ 7.0 million in debt outstanding compared to \$ 7.3 million last year, a \$ 0.3 million decrease related to regularly scheduled bond debt retirement.

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

	2017	2016
Beginning Balance - March 31, 2016	\$ 7,278,389	\$ 8,121,940
Current Year Premium Amortization	(16,013)	0
Current Year Principal Payments	(320,000)	(843,551)
<b>Ending Balance - March 31, 2017</b>	<u>\$ 6,942,376</u>	<u>\$ 7,278,389</u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**MARCH 31, 2017**

	Primary Government	Component Units
<b><u>ASSETS</u></b>		
Current Assets:		
Cash - Unrestricted	\$ 3,486,001	\$ 405,470
Cash - Restricted	1,782,828	687,089
Accounts Receivable - Net of Allowance	3,781,612	16,705
Inventories - Net of Allowance	406,648	0
Prepaid Expense	18,467	51,227
Total Current Assets	<u>9,475,556</u>	<u>1,160,491</u>
Non-Current Assets:		
Capital Assets - Non-Depreciated	16,915,356	86,124
Depreciable Capital Assets - Net	32,456,708	8,089,476
Other Non-Current Assets	239,431	0
Other Non-Current Assets - Pension	28,169	0
Total Non-Current Assets	<u>49,639,664</u>	<u>8,175,600</u>
Deferred Outflow of Resources	<u>2,763,413</u>	<u>0</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b><u>\$ 61,878,633</u></b>	<b><u>\$ 9,336,091</u></b>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts Payable	\$ 3,175	\$ 36,567
Current Portion of Long-Term Debt	340,000	144,751
Intergovernmental Payable	214,745	0
Accrued Wages and Payroll Taxes	209,733	0
Tenant Security Deposits	397,422	37,661
Other Current Liabilities	1,126,469	850,974
Total Current Liabilities	<u>2,291,544</u>	<u>1,069,953</u>
Non-Current Liabilities:		
Long-Term Debt - Net of Current Portion	6,602,376	4,740,797
Accrued Pension and OPEB Liabilities	8,207,461	0
Other Long-Term Liabilities and Compensated Absences	754,505	157,527
Total Non-Current Liabilities	<u>15,564,342</u>	<u>4,898,324</u>
Total Liabilities	<u>17,855,886</u>	<u>5,968,277</u>
Deferred Inflow of Resources	<u>150,120</u>	<u>0</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	42,429,688	3,290,052
Restricted	90,043	0
Unrestricted	1,352,896	77,762
Total Net Position	<u>43,872,627</u>	<u>3,367,814</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION</b>	<b><u>\$ 61,878,633</u></b>	<b><u>\$ 9,336,091</u></b>

The accompanying notes to the basic financial statements are an integral part of these statements.

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Operating Revenues</u></b>		
Program Operating Grants/Subsidy	\$ 18,564,144	\$ 208,037
Tenant Revenues	5,847,395	1,127,379
Other Income	513,826	71,650
<b>Total Operating Revenues</b>	<u>24,925,365</u>	<u>1,407,066</u>
<b><u>Operating Expenses</u></b>		
Administrative	5,365,800	286,304
Utilities Expense	3,282,866	250,416
Maintenance Expense	6,649,705	275,754
Tenant Services	159,447	39,926
Protective Services	390,368	108,896
Housing Assistance Payments	7,398,438	0
Other General Expenses	1,874,544	236,170
Depreciation	3,764,458	356,093
<b>Total Operating Expenses</b>	<u>28,885,626</u>	<u>1,553,559</u>
Operating Income (Loss)	<u>(3,960,261)</u>	<u>(146,493)</u>
<b><u>Non-Operating Revenue (Expenses)</u></b>		
Interest Income	15,822	638
Interest Expense	(252,251)	(136,528)
<b>Total Non-Operating Revenue (Expenses)</b>	<u>(236,429)</u>	<u>(135,890)</u>
Excess (Deficiency) of Revenue Over (Under) Expenses before Capital Revenue and Transfers	<u>(4,196,690)</u>	<u>(282,383)</u>
<b><u>Capital Grants, Contributions and Special Items</u></b>		
Capital Grants	2,473,980	0
Capital Contributions	0	347,868
Loss on Disposal of Capital Assets	(5,891,993)	0
<b>Total Capital Grants, Contributions and Special Items</b>	<u>(3,418,013)</u>	<u>347,868</u>
Results of Operations	(7,614,703)	65,485
Beginning Net Position	<u>51,487,330</u>	<u>3,302,329</u>
<b>ENDING NET POSITION</b>	<u>\$ 43,872,627</u>	<u>\$ 3,367,814</u>

The accompanying notes to the basic financial statements are an integral part of these statements.

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

	Primary Government	Component Units
<b><u>Cash Flows from Operating Activities</u></b>		
Cash Received from HUD and Other Governments	\$ 18,690,375	\$ 208,037
Cash Received from Tenants	5,863,337	1,130,175
Cash Received from Other Sources	713,647	93,970
Cash Payments for Housing Assistance Payments	(7,398,438)	0
Cash Payments for Administration	(6,178,736)	(286,304)
Cash Payments for Other Operating Expenses	(11,095,827)	(918,808)
<b>Net Cash Provided by Operating Activities</b>	<b>594,358</b>	<b>227,070</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Principal Payments on Debt	(336,013)	(519,713)
Cash from Capital Asset Sale	1,873,478	0
Interest Expense	(252,251)	(136,528)
Acquisition of Capital Assets	(2,181,292)	(55,381)
Capital Grants and Contributions	2,473,980	347,868
Other Non-Current Assets (Liabilities)	122,613	157,527
<b>Net Cash (Used for) Capital and Other Related Financing Activities</b>	<b>1,700,515</b>	<b>(206,227)</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Investment Income	15,822	638
<b>Net Cash (Used for) by Investing Activities</b>	<b>15,822</b>	<b>638</b>
Net Increase (Decrease) in Cash and Cash Equivalents	2,310,695	21,481
Cash and Cash Equivalents, Beginning	2,958,134	1,071,078
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 5,268,829</b>	<b>\$ 1,092,559</b>
<b><u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u></b>		
Net Operating Income (Loss)	\$ (3,960,261)	\$ (146,493)
Net Cash Provided by Operating Activities		
Depreciation	3,764,458	356,093
(Increase) Decrease in:		
Receivables - Net of Allowance	(774,506)	20,574
Inventory and Prepaid Expense	57,310	(22,128)
Deferred Outflows of Resources and Pension Asset	(606,185)	0
Increase (Decrease) in:		
Accounts Payable	(14,440)	(148)
Net Pension Liability	1,806,571	0
Non-Current Liabilities	(84,767)	0
Accrued Wages/Payroll Taxes	80,127	0
Intergovernmental Payable	126,231	0
Deferred Inflow of Resources	11,947	0
Tenant Security Deposits	7,885	3,499
Deferred Credits/Other Liabilities	179,988	15,673
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 594,358</b>	<b>\$ 227,070</b>

The accompanying notes to the basic financial statements are an integral part of these statements.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

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

**A. Description of the Entity and Programs**

Stark Metropolitan Housing Authority (the Authority) is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in acquisition, development, leasing, and administration of a low-rent housing program. The Authority contracts with 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 subsidies from HUD to operate. The Authority participates in Section 8, Moderate Rehab, and Voucher Program provided by HUD. These programs help assist families in payment of rent. Under Voucher Program, the Authority determines amount of subsidy a family will receive using HUD guidelines; however, there is a limit to amount charged to family. Under Moderate Rehab Program, subsidy payments are made directly to landlord on behalf of families living in their respective unit. The Authority also participates in 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**

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

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

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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

C. **Reporting Entity** (Continued)

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

D. **Discretely Presented Component Units**

Component units column in combined financial statements identifies financial data of the Authority's three component units: Alliance Senior Tower, LLC, Washington Area Housing Agency, LLC and Hunter House, LLC. They are reported separately to emphasize that they are legally separate from the Authority and provide services to clients other than the primary government.

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

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

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

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

E. **Fund Accounting**

The Authority uses enterprise funds to report on its financial position and results of its operations for 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 proprietary category for its programs.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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

**F. Proprietary Fund Types**

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

Enterprise Fund - Fund used to account for operations financed and operated in a manner similar to private business enterprises. Intent is that 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.

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

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

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

**H. Investments**

Investments restricted by provisions of HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2017 totaled \$15,822 for primary government and \$638 for component units.

**I. Capital Assets**

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

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

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

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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

**J. Cash and Cash Equivalents**

For purpose of Statement of Cash Flows, cash and cash equivalents include all liquid debt instruments with original maturities of three months or less.

**K. Compensated Absences**

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

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

In proprietary fund, compensated absences expensed when earned with balance reported as a fund liability.

**L. Capital Grants and Contributions**

Capital Grants made available by HUD with respect to all federally aided projects under an annual contributions contract. Capital contributions in fiscal year 2017 came from private investors in Hunter House, LLC.

**M. Budgetary Accounting**

The Authority annually prepares its budget as prescribed by HUD. Budget adopted by Board of the Authority and then submitted to HUD when required.

**N. Estimates**

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



**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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

O. **Inter-Program Loans**

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

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

In addition to assets, statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the Statement of Net Position for pension. Deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on statement of net position for pension. Deferred inflows of resources related to pension are explained in Note 6.

Q. **Pensions**

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

The Authority has adopted provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This standard revised existing requirements regarding disclosure of custodial credit risk. Standard establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2017**  
**(CONTINUED)**

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

A. **Deposits**

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

Active deposits are public deposits necessary to meet demands on treasury. Such monies maintained as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits either evidenced by certificates of deposit maturing no later than end of 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, carrying amount of the Authority's deposits was \$4,173,804, of which \$687,803 was restricted funds.

**Custodial Credit Risk**

Custodial credit risk is the risk, in 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 \$339,551 were covered by Federal Depository Insurance, and deposits totaling \$4,168,060 were uninsured and collateralized with securities held by the financial institution's trust department or agent in the Authority's name.

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, 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. Issuance of taxable notes for purpose of arbitrage, use of leverage, and short selling are also prohibited. An investment must mature within five years from date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with 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 securities representing investments to Treasurer or, if securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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

**B. Investments**

The Authority has a formal investment policy. Objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is primary objective of 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 funds which are not operating reserve funds be invested in investments with a maximum term of one year or Authority's operating cycle. For investments of the Authority's operating reserve funds, maximum term can be up to three years. The intent of policy is to avoid the need to sell securities prior to maturity. The Authority's investment in Wells Fargo 100% Treasury Money Market Fund matures in less than six months.

**Credit Risk**

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

**Concentration of Credit Risk**

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

**Foreign Currency Risk**

Foreign currency risk is 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 primary government's cash and cash equivalents and investments is as follows:

	Cash and Cash Equivalents	Investments
Per Statement of Net Position	\$ 5,268,829	\$ 0
Wells Fargo 100% Treasury Money Market Fund	(1,095,025)	1,095,025 *
Per GASB Statement No. 3	<u>\$ 4,173,804</u>	<u>\$ 1,095,025</u>

\* Reported as Restricted Cash on the Statement of Net Position.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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

C. **Component Units**

At year-end, carrying amount of component units' investments and deposits was \$1,092,559. Bank deposits of \$918,594 covered by FDIC insurance and balance was pledged collateral pool. Investments of component units consisted of money market funds at a local financial institution.

NOTE 3: **RESTRICTED CASH**

Restricted cash balances as of March 31, 2017 represents cash on hand for following:

	<u>Primary Government</u>	<u>Component Units</u>
Tenant Security Deposit	\$ 397,422	\$ 37,661
Bond Proceeds to be Used for Capital Improvement	1,095,025	0
Other Restricted Cash	290,381	649,428
<b>Total Restricted Cash</b>	<u>\$ 1,782,828</u>	<u>\$ 687,089</u>

NOTE 4: **INSURANCE COVERAGE – PRIMARY GOVERNMENT**

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

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

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

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2017**  
**(CONTINUED)**

**NOTE 5: CAPITAL ASSETS**

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

	Primary Government	Component Units
<b><i>Capital Assets Not Being Depreciated</i></b>		
Land	\$ 12,801,672	\$ 86,124
Construction in Progress	4,113,684	0
<b><i>Total Capital Assets Not Being Depreciated</i></b>	<b>16,915,356</b>	<b>86,124</b>
<b><i>Capital Assets Being Depreciated</i></b>		
Buildings and Building Improvements	150,285,896	9,658,216
Furniture and Equipment - Dwelling	5,372,697	210,247
Less: Accumulated Depreciation	(123,201,885)	(1,778,986)
<b><i>Total Capital Assets Being Depreciated</i></b>	<b>32,456,708</b>	<b>8,089,477</b>
<b>Total Capital Assets</b>	<b>\$ 49,372,064</b>	<b>\$ 8,175,601</b>

	Primary Government			
	Balance 3/31/2016	Additions	Deletions	Balance 3/31/2017
<b><i>Capital Asset Not being Depreciated</i></b>				
Land	\$ 12,865,872	\$ 0	\$ (64,200)	\$ 12,801,672
Construction in Progress	1,959,703	2,153,981	0	4,113,684
<b><i>Total Capital Assets Not being Depreciated</i></b>	<b>14,825,575</b>	<b>2,153,981</b>	<b>(64,200)</b>	<b>16,915,356</b>
<b><i>Capital Assets Being Depreciated</i></b>				
Buildings and Building Improvements	160,830,589	18,755	(10,563,448)	150,285,896
Furniture and Equipment Dwelling	5,438,044	8,556	(73,903)	5,372,697
<b><i>Total Capital Assets Being Depreciated</i></b>	<b>166,268,633</b>	<b>27,311</b>	<b>(10,637,351)</b>	<b>155,658,593</b>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	(117,453,978)	(3,548,858)	2,862,179	(118,140,657)
Furniture and Equipment	(4,919,530)	(215,601)	73,903	(5,061,228)
<b>Subtotal Accumulated Depreciation</b>	<b>(122,373,508)</b>	<b>(3,764,459)</b>	<b>2,936,082</b>	<b>(123,201,885)</b>
Net Capital Assets being Depreciated	<b>43,895,125</b>	<b>(3,737,148)</b>	<b>(7,701,269)</b>	<b>32,456,708</b>
<b>Total Primary Government</b>	<b>\$ 58,720,700</b>	<b>\$ (1,583,167)</b>	<b>\$ (7,765,469)</b>	<b>\$ 49,372,064</b>

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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

	<b>Component Units</b>			Balance 3/31/2017
	Balance 3/31/2016	Additions	Deletions	
<i>Capital Assest Not being Depreciated</i>				
Land	\$ 86,124	\$ 0	\$ 0	\$ 86,124
Construction in Progress	0	0	0	0
<b>Total Capital Assets Not being Depreciated</b>	<b>86,124</b>	<b>0</b>	<b>0</b>	<b>86,124</b>
<i>Capital Assets Being Depreciated</i>				
Buildings and Building Improvements	9,618,017	40,199	0	9,658,216
Furniture and Equipment Dwelling	195,064	15,183	0	210,247
<b>Total Capital Assets Being Depreciated</b>	<b>9,813,081</b>	<b>55,382</b>	<b>0</b>	<b>9,868,463</b>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	(1,253,917)	(356,093)	0	(1,610,010)
Furniture and Equipment	(168,976)	0	0	(168,976)
<b>Subtotal Accumulated Depreciation</b>	<b>(1,422,893)</b>	<b>(356,093)</b>	<b>0</b>	<b>(1,778,986)</b>
Net Capital Assets being Depreciated	8,390,188	(300,711)	0	8,089,477
<b>Total Primary Government</b>	<b>\$ 8,476,312</b>	<b>\$ (300,711)</b>	<b>\$ 0</b>	<b>\$ 8,175,601</b>

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

*Net Pension Liability*

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

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

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

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Net Pension Liability* (Continued)

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

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Plan Description – Ohio Public Employees Retirement System (OPERS)* (Continued)

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

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

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

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

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

	<u>State and Local</u>
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-Employment Health Care Benefits	2.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.



**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Plan Description – Ohio Public Employees Retirement System (OPERS)* (Continued)

Employer contribution rates are actuarially determined and expressed as a percentage of covered payroll. The Authority had contractually required contributions of \$573,063 for fiscal year end March 31, 2017.

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

Net pension liability for OPERS measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.037071%	0.041660%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.036143%</u>	<u>0.050612%</u>	
Change in Proportionate Share	<u>-0.000928%</u>	<u>0.008952%</u>	
Proportion Share of the Net Pension Liability/(Asset)	\$ 8,207,461	\$ (28,169)	\$ 8,179,292
Pension Expense	\$ 1,742,462	\$ 20,351	\$ 1,762,813

At March 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from following sources:

**STARK METROPOLITAN HOUSING AUTHORITY**  
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**(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* (Continued)

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 1,222,279	\$ 6,876	\$ 1,229,155
Changes of assumptions	1,301,802	6,866	1,308,668
Differences between expected and actual experience	11,125	0	11,125
Changes in proportion and differences between Authority contributions and proportionate share of contributions	71,876	0	71,876
Authority contributions subsequent to the measurement date	136,859	5,730	142,589
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 2,743,941</u></b>	<b><u>\$ 19,472</u></b>	<b><u>\$ 2,763,413</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 48,846	\$ 14,407	\$ 63,253
Changes in proportion and differences between Authority contributions and proportionate share of contributions	78,810	8,057	86,867
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 127,656</u></b>	<b><u>\$ 22,464</u></b>	<b><u>\$ 150,120</u></b>

\$142,589 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to measurement date recognized as a reduction of the net pension liability in the year ending March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
Year Ending March 31:			
2018	\$ 1,049,368	\$ 292	\$ 1,049,660
2019	1,034,632	294	1,034,926
2020	431,255	(3)	431,252
2021	(35,829)	(2,440)	(38,269)
2022	0	(2,183)	(2,183)
Thereafter	0	(4,682)	(4,682)
<b>Total</b>	<b><u>\$ 2,479,426</u></b>	<b><u>\$ (8,722)</u></b>	<b><u>\$ 2,470,704</u></b>

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Actuarial Assumptions - OPERS*

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

Projections of benefits for financial reporting purposes based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

**STARK METROPOLITAN HOUSING AUTHORITY**  
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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Actuarial Assumptions – OPERS* (Continued)

Mortality rates based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. Mortality rates used in evaluating disability allowances based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to above described tables.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust closed as of June 30, 2016. Within the Defined Benefit portfolio, contributions into the plans all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, money-weighted rate of return considered the same for all plans within portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

Board of Trustees as outlined in annual investment plan approves allocation of investment assets with Defined Benefit portfolio. Plan assets managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Actuarial Assumptions – OPERS* (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position projected to be available to make all projected future benefits payments of current plan members. Therefore, long-term expected rate of return on pension plan investments applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

Following table presents the Authority’s proportionate share of net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority’s proportionate share of net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than current rate:

<u>Authority's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Traditional Pension Plan	\$ 12,538,730	\$ 8,207,461	\$ 4,598,112
Combined Plan	\$ 2,024	\$ (28,169)	\$ (51,624)

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
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(CONTINUED)**

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NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which fund multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

**B. Funding Policy**

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

Employer contribution rates expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0%. The portion of actual Authority contributions for the year ended March 31, 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were \$86,532, \$99,352, and \$93,382, respectively.

NOTE 8: **COMPENSATED ABSENCES**

Board of Commissioners based on local and state laws establishes vacation and sick leave policies.

All permanent employees earn 4.6 hours sick leave per eighty hours of service. Unused sick leave accumulated without limit. At time of separation, if an employee states separation is due to retirement, employee will be eligible to receive payment for 50 percent of their accumulated sick leave balance. Employees hired on or after April 1, 2008, payment on sick leave reduced from 50 percent to 33.33 percent. Employees hired on or after April 1, 2011, payment on sick leave reduced from 50 percent to 25 percent. All permanent employees earn vacation hours accumulated based on length of service. All vacation time earned may be accumulated up to three times annual amount that can be accrued in a calendar year.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

**NOTE 8: COMPENSATED ABSENCES** (Continued)

Following is a summary of changes in compensated absences for the year ended March 31, 2017:

	Balances at 3/31/2016	Increase	Decrease	Balances at 3/31/2017	Due Within One Year
Compensated Absences Liability	\$ 601,148	\$ 73,033	\$ (124,983)	\$ 549,198	\$ 37,523

**NOTE 9: LONG-TERM OBLIGATIONS**

Changes in the Authority's long-term obligations during fiscal year 2017 are as follows:

<b>General Long-Term Obligations</b>					
	Balance at 3/31/216	Additions	Deletions	Balance at 3/31/2017	Due Within One Year
<b><u>Primary Government</u></b>					
Long-Term Debt:					
Fifth Third - Equipment Lease	\$ 1,889,241	\$ 0	\$ 0	\$ 1,889,241	\$ 0
Ohio Housing Finance Agency					
Serial Bonds 7/17/07	5,205,000	0	(320,000)	4,885,000	340,000
Bond Premium	184,148	0	(16,013)	168,135	0
Net Pension Liability	6,400,891	1,806,570	0	8,207,461	0
Other Non-Current Liabilities	768,180	0	(25,350)	742,830	0
<b>Total Primary Government</b>	<b>\$ 14,447,460</b>	<b>\$ 1,806,570</b>	<b>\$ (361,363)</b>	<b>\$ 15,892,667</b>	<b>\$ 340,000</b>
<b><u>Component Units</u></b>					
Alliance Senior Tower, LLC	\$ 2,238,107	\$ 0	\$ (126,748)	\$ 2,111,359	\$ 26,656
Hunter House, LLC	3,167,154	0	(392,965)	2,774,189	118,095
<b>Total Component Units</b>	<b>\$ 5,405,261</b>	<b>\$ 0</b>	<b>\$ (519,713)</b>	<b>\$ 4,885,548</b>	<b>\$ 144,751</b>



**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

	2017
<b><u>Fifth Third Bank</u></b>	
Note dated March 22, 2016; due in 2017, payable in monthly installments of \$24,176 in principal plus interest at a fixed rate of 7.57%. The note issued for the purpose of making energy efficiency improvements associated with the Canton Senior Center construction project. The Authority has suspended payments since January 2013 and is in default on the loan. Fifth Third Bank and the Authority are in discussion	\$ 1,889,241
<b><u>Ohio Housing Finance Agency</u></b>	
Note dated July 17, 2007, due March 2027, funding by a bond issue in the principal amount of \$40,532,000, of which the Authority'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 the Authority. 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.	4,885,000
<b>Total</b>	<b>\$ 6,774,241</b>

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

	Principal	Interest	Total
2018	\$ 340,000	\$ 235,270	\$ 575,270
2019	2,249,241	218,250	2,467,491
2020	375,000	199,875	574,875
2021	395,000	179,860	574,860
2022	415,000	160,375	575,375
2023-2027	2,435,000	489,625	2,924,625
2028	565,000	60,000	625,000
<b>Total</b>	<b>\$ 6,774,241</b>	<b>\$ 1,543,255</b>	<b>\$ 8,317,496</b>

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017  
(CONTINUED)**

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

Debt schedule for component units is as follows:

**Alliance Senior Tower LLC**

First Mortgage - Principal Amount - \$922,900 - Interest Rate of 1.0%	\$ 690,208
2nd Mortgage - Payable to Department of HUD Interest Rate of 1.0%	1,077,238
3rd Mortgage - Payable to Department of HUD Interest Rate of 1.0%	143,913
Notes Payable Affiliates	200,000

**Hunter House PSH, LLC**

OHFA Loan	1,528,397
HDAP Loan	1,100,000
Home Loan: Stark County	83,792
Home Loan: City of Canton	62,000
<b>Total</b>	<b>\$ 4,885,548</b>

Amortization of the debt was not available.

NOTE 10: **CONDENSED FINANCIAL STATEMENT INFORMATION - COMPONENT UNITS**

	<u>FYE 12/2016</u>	<u>FYE 12/2016</u>	<u>FYE 3/2017</u>	
	Washington Area Housing Agency, LLC	Hunter House PSH, LLC	Alliance Senior Tower, LLC	Total
<b><u>Balance Sheet</u></b>				
Current Assets	\$ 182,346	\$ 317,231	\$ 660,914	\$ 1,160,491
Capital Assets	292,915	5,871,770	2,010,915	8,175,600
Current Liabilities	(143,180)	(799,289)	(127,484)	(1,069,953)
Non-Current Liabilities	0	(2,774,189)	(2,124,135)	(4,898,324)
<b>Net Position</b>	<b>\$ 332,081</b>	<b>\$ 2,615,523</b>	<b>\$ 420,210</b>	<b>\$ 3,367,814</b>
<b><u>Revenues, Expenses, and Changes in Equity</u></b>				
Total Revenues	\$ 282,873	\$ 685,804	\$ 786,895	\$ 1,755,572
Total Expenses	265,271	774,795	650,021	1,690,087
Excess Revenue Over Expenses	17,602	(88,991)	136,874	65,485
Beginning Net Position	314,479	2,704,514	283,336	3,302,329
<b>Ending Net Position</b>	<b>\$ 332,081</b>	<b>\$ 2,615,523</b>	<b>\$ 420,210</b>	<b>\$ 3,367,814</b>

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)**

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NOTE 11: **CONTINGENCIES**

**Litigations and Claims**

In normal course of operations, the Authority may be subjected to litigation and claims. At March 31, 2017, the Authority is involved in several matters. While the outcome of these matters cannot presently be determined, management believes that the ultimate resolution will not have a material effect on financial statements.

NOTE 12: **RESTRICTED NET POSITION**

For the fiscal year ended March 31, 2017, the Authority had \$90,043 HAP reserve for the Section 8 Program, which was reported as restricted net pension.

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

<b>Traditional Plan</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Authority's Proportion of the Net Pension Liability	0.036143%	0.037071%	0.035394%	0.035394%
Authority's Proportionate Share of the Net Pension Liability	\$8,207,461	\$6,421,164	\$4,268,911	\$4,172,491
Authority's Covered-Employee Payroll	\$4,634,450	\$4,355,925	\$4,484,225	\$4,062,138
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	177.10%	147.41%	95.20%	102.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
<b>Combined Plan</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Authority's Proportion of the Net Pension (Asset)	0.050612%	0.041660%	0.023007%	0.023007%
Authority's Proportionate Share of the Net Pension (Asset)	(\$28,169)	(\$20,273)	(\$8,858)	(\$2,414)
Authority's Covered-Employee Payroll	\$152,308	\$143,150	\$147,367	\$133,500
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	18.49%	14.16%	6.01%	1.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	116.55%	116.90%	114.83%	104.33%

(1) - Information prior to 2013 is not available. Schedule is intended to show ten years of information. Additional years will be displayed as information becomes available.

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>					
Traditional Plan	\$ 550,035	\$ 556,134	\$ 522,711	\$ 538,107	\$ 528,078
Combined Plan	23,028	18,277	17,178	17,684	17,355
Total Required Contributions	573,063	574,411	539,889	555,791	545,433
Contributions in Relation to the Contractually Required Contribution	(573,063)	(574,411)	(539,889)	(555,791)	(545,433)
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Authority's Covered-Employee Payroll</u>					
Traditional Plan	\$ 4,583,625	\$ 4,634,450	\$ 4,355,925	\$ 4,484,225	\$ 4,062,138
Combined Plan	\$ 191,900	\$ 152,308	\$ 143,150	\$ 147,367	\$ 133,500
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>					
Traditional Plan	12.00% *	12.00%	12.00%	12.00%	13.00%
Combined Plan	12.00% *	12.00%	12.00%	12.00%	13.00%

(1) – Information prior to 2013 is not available. Schedule is intended to show ten years of information. Additional years will be displayed as information becomes available.

\* Contribution rate increased to 13.00% as of January 1, 2017.

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**MARCH 31, 2017**

	Project Total	State/Local	Component Unit - Discretely Presented	Section 8 Moderate Rehabilitation Single Room Occupancy	HOME Investment Partnerships Program	Continuum of Care	Housing Choice Vouchers	Lower Income Housing Assistance Program-Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	2,099,297	122,683	405,470	61,925	23,733	127,360	13,866	3,722	1,033,415	3,891,471	-	3,891,471
112 Cash - Restricted - Modernization and Development	1,229,233	-	-	-	-	-	-	-	-	1,229,233	-	1,229,233
113 Cash - Other Restricted	66,133	-	649,428	-	-	-	90,040	-	-	805,601	-	805,601
114 Cash - Tenant Security Deposits	395,252	2,170	37,661	-	-	-	-	-	-	435,083	-	435,083
<b>100 Total Cash</b>	<b>3,789,915</b>	<b>124,853</b>	<b>1,092,559</b>	<b>61,925</b>	<b>23,733</b>	<b>127,360</b>	<b>103,906</b>	<b>3,722</b>	<b>1,033,415</b>	<b>6,361,388</b>	<b>-</b>	<b>6,361,388</b>
122 Accounts Receivable - HUD Other Projects	1,530,156	-	-	2,222	-	-	-	26,735	-	1,559,113	-	1,559,113
125 Accounts Receivable - Miscellaneous	959	425	1,175	-	203	-	-	-	2,411,150	2,413,912	-	2,413,912
126 Accounts Receivable - Tenants	124,430	761	31,005	-	-	-	-	-	-	156,196	-	156,196
126.1 Allowance for Doubtful Accounts - Tenants	-56,372	-	-15,475	-	-	-	-	-	-	-71,847	-	-71,847
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-300,000	-300,000	-	-300,000
127 Notes, Loans, & Mortgages Receivable - Current	40,943	-	-	-	-	-	-	-	-	40,943	-	40,943
128 Fraud Recovery	-	-	-	-	-	-	15,146	490	-	15,636	-	15,636
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-15,146	-490	-	-15,636	-	-15,636
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>1,640,116</b>	<b>1,186</b>	<b>16,705</b>	<b>2,222</b>	<b>203</b>	<b>-</b>	<b>-</b>	<b>26,735</b>	<b>2,111,150</b>	<b>3,798,317</b>	<b>-</b>	<b>3,798,317</b>
142 Prepaid Expenses and Other Assets	-	-	51,227	-	-	-	7,467	-	11,000	69,694	-	69,694
143 Inventories	465,485	-	-	-	-	-	-	-	-	465,485	-	465,485
143.1 Allowance for Obsolete Inventories	-58,837	-	-	-	-	-	-	-	-	-58,837	-	-58,837
144 Inter Program Due From	-	-	-	-	-	-	-	10,108	500,582	510,690	-510,690	-
<b>150 Total Current Assets</b>	<b>5,836,679</b>	<b>126,039</b>	<b>1,160,491</b>	<b>64,147</b>	<b>23,936</b>	<b>127,360</b>	<b>111,373</b>	<b>40,565</b>	<b>3,656,147</b>	<b>11,146,737</b>	<b>-510,690</b>	<b>10,636,047</b>
161 Land	12,293,459	-	86,124	-	-	-	-	-	508,213	12,887,796	-	12,887,796
162 Buildings	147,262,808	931,132	9,658,216	-	-	-	-	-	2,091,937	159,944,113	-	159,944,113
163 Furniture, Equipment & Machinery - Dwellings	3,102,500	-	210,247	-	-	-	-	-	-	3,312,747	-	3,312,747
164 Furniture, Equipment & Machinery - Administration	1,044,554	-	-	-	-	-	-	-	1,225,641	2,270,195	-	2,270,195
166 Accumulated Depreciation	-120,554,196	-325,903	-1,778,987	-	-	-	-	-	-2,321,785	-124,980,871	-	-124,980,871
167 Construction in Progress	4,113,684	-	-	-	-	-	-	-	-	4,113,684	-	4,113,684
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>47,262,809</b>	<b>605,249</b>	<b>8,175,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,504,006</b>	<b>57,547,664</b>	<b>-</b>	<b>57,547,664</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-	239,431	239,431	-	239,431
174 Other Assets	4,019,866	-	-	-	-	-	1,272	140	9,556	4,030,834	-4,002,665	28,169
<b>180 Total Non-Current Assets</b>	<b>51,282,675</b>	<b>605,249</b>	<b>8,175,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,272</b>	<b>140</b>	<b>1,752,993</b>	<b>61,817,929</b>	<b>-4,002,665</b>	<b>57,815,264</b>
200 Deferred Outflow of Resources	1,687,426	-	-	-	-	-	124,759	13,716	937,512	2,763,413	-	2,763,413
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>58,806,780</b>	<b>731,288</b>	<b>9,336,091</b>	<b>64,147</b>	<b>23,936</b>	<b>127,360</b>	<b>237,404</b>	<b>54,421</b>	<b>6,346,652</b>	<b>75,728,079</b>	<b>-4,513,355</b>	<b>71,214,724</b>

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
ENTITY WIDE BALANCE SHEET SUMMARY  
MARCH 31, 2017**

	Project Total	State/Local	Component Unit - Discretely Presented	Section 8 Moderate Rehabilitation Single Room Occupancy	HOME Investment Partnerships Program	Continuum of Care	Housing Choice Vouchers	Lower Income Housing Assistance Program-Section 8 Moderate	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	-	55	36,567	1	-	1,379	1,654	86	-	39,742	-	39,742
321 Accrued Wage/Payroll Taxes Payable	69,730	15,610	-	42	162	764	5,265	582	117,578	209,733	-	209,733
322 Accrued Compensated Absences - Current Portion	26,946	-	-	-	-	-	2,603	-	7,974	37,523	-	37,523
325 Accrued Interest Payable	122,124	-	133,534	-	-	-	-	-	-	255,658	-	255,658
331 Accounts Payable - HUD PHA Programs	2,700	-	-	-	-	-	1,778	2,250	-	6,728	-	6,728
333 Accounts Payable - Other Government	207,569	448	-	-	-	-	-	-	-	208,017	-	208,017
341 Tenant Security Deposits	395,252	2,170	37,661	-	-	-	-	-	-	435,083	-	435,083
342 Unearned Revenue	93,869	1,318	6,146	-	-	45,604	552	-	-	147,489	-	147,489
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	340,000	-	144,751	-	-	-	-	-	-	484,751	-	484,751
345 Other Current Liabilities	762,716	-	711,294	-	-	-	305	-	37,411	1,511,421	-	1,511,421
346 Accrued Liabilities - Other	-	-	-	-	-	47	-	-	25,000	25,352	-	25,352
347 Inter Program - Due To	403,604	-	-	-	-	26,978	70,000	10,108	-	510,690	-510,690	-
<b>310 Total Current Liabilities</b>	<b>2,424,510</b>	<b>19,601</b>	<b>1,069,953</b>	<b>43</b>	<b>162</b>	<b>74,772</b>	<b>82,157</b>	<b>13,026</b>	<b>187,963</b>	<b>3,872,187</b>	<b>-510,690</b>	<b>3,361,497</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	4,713,134	-	4,740,797	-	-	-	-	-	1,889,242	11,343,173	-	11,343,173
355 Non-current Liabilities - Other	1,163	-	-	-	-	-	-	-	4,244,332	4,245,495	-4,002,665	242,830
354 Accrued Compensated Absences - Non Current	371,061	-	157,527	-	-	-	30,799	-	109,815	669,202	-	669,202
357 Accrued Pension and OPEB Liabilities	5,011,730	-	-	-	-	-	370,542	40,739	2,784,450	8,207,461	-	8,207,461
<b>350 Total Non-Current Liabilities</b>	<b>10,097,088</b>	<b>-</b>	<b>4,898,324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401,341</b>	<b>40,739</b>	<b>9,027,839</b>	<b>24,465,331</b>	<b>-4,002,665</b>	<b>20,462,666</b>
<b>300 Total Liabilities</b>	<b>12,521,598</b>	<b>19,601</b>	<b>5,968,277</b>	<b>43</b>	<b>162</b>	<b>74,772</b>	<b>483,498</b>	<b>53,765</b>	<b>9,215,802</b>	<b>28,337,518</b>	<b>-4,513,355</b>	<b>23,824,163</b>
400 Deferred Inflow of Resources	91,667	-	-	-	-	-	6,777	746	50,930	150,120	-	150,120
508.4 Net Investment in Capital Assets	42,209,675	605,249	3,290,052	-	-	-	-	-	-385,236	45,719,740	-	45,719,740
511.4 Restricted Net Position	-	-	-	-	-	-	90,043	-	-	90,043	-	90,043
512.4 Unrestricted Net Position	3,983,840	106,438	71,762	64,104	23,774	52,588	-342,914	-90	-2,534,844	1,430,658	-	1,430,658
<b>513 Total Equity - Net Assets / Position</b>	<b>46,193,515</b>	<b>711,687</b>	<b>3,367,814</b>	<b>64,104</b>	<b>23,774</b>	<b>52,588</b>	<b>-252,871</b>	<b>-90</b>	<b>-2,920,080</b>	<b>47,240,441</b>	<b>-</b>	<b>47,240,441</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>58,806,780</b>	<b>731,288</b>	<b>9,336,091</b>	<b>64,147</b>	<b>23,936</b>	<b>127,360</b>	<b>237,404</b>	<b>54,421</b>	<b>6,346,652</b>	<b>75,728,079</b>	<b>-4,513,355</b>	<b>71,214,724</b>

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**ENTITY WIDE REVENUE AND EXPENSE SUMMARY**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

	Project Total	State/Local	Component Unit - Discreetely Presented	Section 8 Moderate Rehabilitation Single Room Occupancy	HOME Investment Partnerships Program	Continuum of Care	Housing Choice Vouchers	Lower Income Housing Assistance Program-Section 8/Moderate	COCC	Subtotal	EIIM	Total
70800 Net Tenant Rental Revenue	5,516,021	35,989	1,118,668	-	-	-	-	-	-	6,670,678	-	6,670,678
70400 Tenant Revenue - Other	295,070	315	8,711	-	-	-	-	-	-	304,096	-	304,096
<b>70500 Total Tenant Revenue</b>	<b>5,811,091</b>	<b>36,304</b>	<b>1,127,379</b>	-	-	-	-	-	-	<b>6,974,774</b>	-	<b>6,974,774</b>
70600 HUD PHA Operating Grants	10,216,921	-	-	106,808	-	598,693	7,023,682	443,398	-	18,389,502	-	18,389,502
70610 Capital Grants	2,473,980	-	-	-	-	-	-	-	-	2,473,980	-	2,473,980
70710 Management Fee	-	-	-	-	-	-	-	-	2,107,103	2,107,103	-2,107,103	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-	242,880	242,880	-242,880	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-	368,062	368,062	-368,062	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-	785,812	785,812	-785,812	-
70750 Other Fees	-	-	-	-	-	-	-	-	48,069	48,069	-48,069	-
<b>70700 Total Fee Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,551,926</b>	<b>3,551,926</b>	<b>-3,503,857</b>	<b>48,069</b>
70800 Other Government Grants	-	16,530	208,037	-	158,112	-	-	-	-	382,679	-	382,679
71100 Investment Income - Unrestricted	3,845	-	638	-	-	-	-	-	11,977	16,460	-	16,460
71400 Fraud Recovery	-	-	-	-	-	-	16,508	630	-	17,138	-	17,138
71500 Other Revenue	133,201	47,816	71,650	5,000	-	-	10,840	8,840	242,924	520,271	-	520,271
71600 Gain or Loss on Sale of Capital Assets	103,303	-	-	-	-	-	-	-	-5,993,296	-5,891,993	-	-5,891,993
<b>70000 Total Revenue</b>	<b>18,742,241</b>	<b>100,650</b>	<b>1,407,704</b>	<b>111,808</b>	<b>158,112</b>	<b>598,693</b>	<b>7,051,030</b>	<b>452,868</b>	<b>-2,188,469</b>	<b>26,434,757</b>	<b>-3,503,857</b>	<b>22,930,880</b>
91100 Administrative Salaries	841,373	-	71,550	1,495	5,976	28,288	229,332	25,471	1,414,158	2,617,643	-	2,617,643
91200 Auditing Fees	22,639	93	14,775	223	174	675	13,316	552	3,666	56,113	-	56,113
91300 Management Fee	1,887,683	-	74,798	-	-	-	144,622	-	-	2,107,103	-2,107,103	-
91310 Book-keeping Fee	218,200	796	6,833	3,105	2,123	8,514	3,105	7,658	-	368,062	-368,062	-
91500 Employee Benefit contributions - Administrative	506,249	-	2,715	473	1,852	8,573	183,682	25,143	915,570	1,644,257	-	1,644,257
91600 Office Expenses	274,757	5,902	34,537	52	50	197	27,286	1,022	189,003	532,806	-	532,806
91700 Legal Expense	192,940	4,276	3,704	-	-	31	12,886	-	15,704	225,837	-	225,837
91800 Travel	15,739	-	3,704	-	-	697	467	-	-	23,819	-	23,819
91900 Other	372,458	4,312	73,116	1,174	3,783	8,396	49,682	3,720	198,168	714,809	-43,141	671,668
<b>91000 Total Operating - Administrative</b>	<b>4,332,038</b>	<b>11,103</b>	<b>286,304</b>	<b>6,522</b>	<b>13,958</b>	<b>55,371</b>	<b>782,106</b>	<b>63,566</b>	<b>2,739,481</b>	<b>8,290,449</b>	<b>-2,638,345</b>	<b>5,652,104</b>
92000 Asset Management Fee	242,880	-	-	-	-	-	-	-	-	242,880	-242,880	-
92100 Tenant Services - Salaries	95,891	-	-	-	-	-	-	-	21,555	117,446	-	117,446
92300 Employee Benefit Contributions - Tenant Services	43,818	-	-	-	-	-	-	-	8,603	52,421	-	52,421
92400 Tenant Services - Other	27,174	-	39,926	-	-	-	-	-	94	67,194	-37,688	29,506
<b>92500 Total Tenant Services</b>	<b>166,883</b>	<b>-</b>	<b>39,926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,252</b>	<b>237,061</b>	<b>-37,688</b>	<b>199,373</b>
93100 Water	553,765	9,347	37,649	-	-	-	425	11	4,280	605,477	-	605,477
93200 Electricity	1,024,629	-	159,905	-	-	-	9,088	598	83,827	1,278,047	-	1,278,047
93300 Gas	933,000	7,519	33,542	-	-	-	903	14	4,543	1,011,851	-	1,011,851
93600 Sewer	613,219	4,264	19,320	-	-	-	39	-	1,065	637,907	-	637,907
<b>93000 Total Utilities</b>	<b>3,156,943</b>	<b>21,130</b>	<b>250,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,465</b>	<b>623</b>	<b>93,715</b>	<b>3,533,282</b>	<b>-</b>	<b>3,533,282</b>
94100 Ordinary Maintenance and Operations - Labor	1,845,096	586	41,533	-	-	-	-	-	275,010	2,162,225	-	2,162,225
94200 Ordinary Maintenance and Operations - Materials and Other	750,479	53	27,418	-	-	-	1,060	-	24,123	803,133	-	803,133
94300 Ordinary Maintenance and Operations Contracts	2,471,987	4,611	197,532	-	-	-	1,837	5	81,878	2,757,850	-584,944	2,172,906
94500 Employee Benefit Contributions - Ordinary Maintenance	1,504,734	-	9,271	-	-	-	-	-	183,055	1,697,060	-	1,697,060
<b>94000 Total Maintenance</b>	<b>6,572,296</b>	<b>5,250</b>	<b>275,754</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,897</b>	<b>5</b>	<b>564,066</b>	<b>7,420,268</b>	<b>-584,944</b>	<b>6,835,324</b>



**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

	Project Total	State/Local	Component Unit - Discretely Presented	Section 8 Moderate Rehabilitation Single Room Occupancy	HOME Investment Partnerships Program	Continuum of Care	Housing Choice Vouchers	Lower Income Housing Assistance Program-Section 8 Moderate	COCC	Subtotal	ELIM	Total
95100 Protective Services - Labor	183,508	-	-	-	-	-	8,595	-	-	192,103	-	192,103
95200 Protective Services - Other Contract Costs	74,115	-	97,753	-	-	-	-	-	33,314	205,182	-	205,182
95300 Protective Services - Other	6,547	-	11,143	-	-	-	-	-	780	18,470	-	18,470
95500 Employee Benefit Contributions - Protective Services	83,509	-	-	-	-	-	-	-	-	83,509	-	83,509
<b>95000 Total Protective Services</b>	<b>347,679</b>	<b>-</b>	<b>108,896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,595</b>	<b>-</b>	<b>34,094</b>	<b>499,264</b>	<b>-</b>	<b>499,264</b>
96110 Property Insurance	365,176	4,396	58,944	-	-	-	-	-	4,363	432,879	-	432,879
96120 Liability Insurance	86,243	573	5,587	-	-	-	6,840	-	3,510	102,753	-	102,753
96130 Workmen's Compensation	35,196	-	21,013	1	2	328	2,543	84	19,895	79,062	-	79,062
96140 All Other Insurance	31,178	-	9,532	-	-	-	9,128	12	8,819	58,669	-	58,669
<b>96100 Total Insurance Premiums</b>	<b>517,793</b>	<b>4,969</b>	<b>95,076</b>	<b>1</b>	<b>2</b>	<b>328</b>	<b>18,511</b>	<b>96</b>	<b>36,587</b>	<b>673,363</b>	<b>-</b>	<b>673,363</b>
96200 Other General Expenses	97,930	101,365	112,640	704	-	2,622	3,325	-	24,391	342,977	-	342,977
96210 Compensated Absences	81,229	-	-	-	-	589	6,993	731	35,441	124,983	-	124,983
96300 Payments in Lieu of Taxes	233,177	-	-	-	-	-	-	-	52,779	285,956	-	285,956
96400 Bad debt - Tenant Rents	305,573	560	28,454	-	-	-	14,942	-	349,529	349,529	-	349,529
96600 Bad debt - Other	-	-	-	-	-	-	-	-	300,000	300,000	-	300,000
96800 Severance Expense	-	-	-	-	-	-	-	-	-	-	-	-
<b>96000 Total Other General Expenses</b>	<b>717,909</b>	<b>101,925</b>	<b>141,094</b>	<b>704</b>	<b>-</b>	<b>3,211</b>	<b>25,260</b>	<b>731</b>	<b>412,611</b>	<b>1,403,445</b>	<b>-</b>	<b>1,403,445</b>
96710 Interest of Mortgage (or Bonds) Payable	252,251	-	136,528	-	-	-	-	-	-	388,779	-	388,779
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>252,251</b>	<b>-</b>	<b>136,528</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>388,779</b>	<b>-</b>	<b>388,779</b>
<b>96900 Total Operating Expenses</b>	<b>16,306,672</b>	<b>144,377</b>	<b>1,333,994</b>	<b>7,227</b>	<b>13,960</b>	<b>58,910</b>	<b>847,824</b>	<b>65,021</b>	<b>3,910,806</b>	<b>22,688,791</b>	<b>-3,503,857</b>	<b>19,184,934</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>2,435,669</b>	<b>-43,727</b>	<b>73,710</b>	<b>104,581</b>	<b>144,152</b>	<b>539,783</b>	<b>6,203,206</b>	<b>387,847</b>	<b>-6,099,275</b>	<b>3,745,946</b>	<b>-</b>	<b>3,745,946</b>
97100 Extraordinary Maintenance	901,135	-	-	-	-	-	-	-	-	901,135	-	901,135
97200 Casualty Losses - Non-capitalized	33,906	-	-	-	-	-	-	-	-	33,906	-	33,906
97300 Housing Assistance Payments	3,442,437	46,558	356,093	80,450	151,066	509,691	6,277,269	379,962	275,463	7,398,438	-	7,398,438
97400 Depreciation Expense	19,873,150	190,935	1,690,087	87,677	165,026	568,601	7,125,093	444,983	4,186,269	34,331,821	-	4,120,551
<b>90000 Total Expenses</b>	<b>19,873,150</b>	<b>190,935</b>	<b>1,690,087</b>	<b>87,677</b>	<b>165,026</b>	<b>568,601</b>	<b>7,125,093</b>	<b>444,983</b>	<b>4,186,269</b>	<b>34,331,821</b>	<b>-3,503,857</b>	<b>30,827,964</b>
10010 Operating Transfer In	715,949	-	-	-	-	-	-	-	30,071	746,020	-	746,020
10020 Operating Transfer Out	-715,949	-22,371	-	-	-	-7,700	-	-	-746,020	-746,020	-	-
10080 Special Items (Net Gain/Loss)	483,093	-	347,868	-	-	-	-	-	-	483,093	-	347,868
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>-</b>	<b>-22,371</b>	<b>347,868</b>	<b>-</b>	<b>-</b>	<b>-7,700</b>	<b>-</b>	<b>-</b>	<b>30,071</b>	<b>347,868</b>	<b>-</b>	<b>347,868</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-1,130,809</b>	<b>-112,656</b>	<b>65,485</b>	<b>24,131</b>	<b>-6,914</b>	<b>22,392</b>	<b>-74,063</b>	<b>7,885</b>	<b>-6,344,667</b>	<b>-7,549,216</b>	<b>-</b>	<b>-7,549,216</b>
11020 Required Annual Debt Principal Payments	320,000	-	362,186	-	-	-	-	-	-	682,186	-	682,186
11030 Beginning Equity	47,324,324	824,343	3,302,329	39,973	30,688	30,196	-178,808	-7,975	3,424,588	54,789,658	-	54,789,658
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	-	-	-288,181	-	-	-288,181	-	-288,181
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	90,043	-	-	90,043	-	90,043
11190 Unit Months Available	30,552	-	19,860	-	-	-	19,860	-	-	50,412	-	50,412
11210 Number of Unit Months Leased	29,093	-	-	-	-	-	16,257	-	-	45,350	-	45,350

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**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

<b>Federal Grantor</b> <i>Pass Through Grantor/</i> Program/Title	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>		
<i>Direct Programs</i>		
Public and Indian Housing Program	14.850	\$ 8,758,791
<i>Section 8 Project Based Cluster</i>		
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	106,808
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	443,398
Total Section 8 Project Based Cluster		<u>550,206</u>
<i>Housing Voucher Cluster</i>		
Section 8 Housing Choice Vouchers	14.871	7,023,682
Total Housing Voucher Cluster		<u>7,023,682</u>
Public Housing Capital Fund	14.872	<u>3,932,111</u>
Continuum of Care Program	14.267	<u>598,692</u>
<i>Total Direct Programs</i>		<u>20,863,482</u>
<i>Passed through Stark County</i>		
HOME Investement Partnerships Program	14.239	<u>158,112</u>
<i>Total Passed through Stark County</i>		<u>158,112</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>21,021,594</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 21,021,594</u>

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

**STARK METROPOLITAN HOUSING AUTHORITY**  
**STARK COUNTY, OHIO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

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**NOTE 1: PRESENTATION**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of the Stark Metropolitan Housing Authority under programs of the federal government for the year ended March 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Stark Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Stark Metropolitan Housing Authority.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business in amounts reported as expenditures in prior years.

**NOTE 3: INDIRECT COST RATE**

The Stark Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

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

Board of Directors  
Stark Metropolitan Housing Authority  
Canton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Ohio, (Housing Authority) as of and for the fiscal year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Stark Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated September 20, 2017.

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

***Internal Control Over Financial Reporting***

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

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

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

## ***Compliance and Other Matters***

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

## ***Purpose of this Report***

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

**James G. Zupka,**  
**CPA, President**

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

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.09.29 11:54:02 -04'00'

September 20, 2017

**JAMES G. ZUPKA, C.P.A., INC.**  
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5240 East 98<sup>th</sup> Street  
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Stark Metropolitan Housing Authority  
Canton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban Development

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

We have audited the Stark Metropolitan Housing Authority, Stark County, Ohio's (Housing Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Stark Metropolitan Housing Authority, Ohio's major federal programs for the year ended March 31, 2017. The Stark Metropolitan Housing Authority, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Stark Metropolitan Housing Authority Ohio's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Stark Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Stark Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

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

The management of the Stark Metropolitan Housing Authority, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Stark Metropolitan Housing Authority, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stark Metropolitan Housing Authority, Ohio's internal control over compliance.

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

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

### ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

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

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.09.29 11:54:21 -04'00'

September 20, 2017



**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
MARCH 31, 2017**

**1. SUMMARY OF AUDITOR'S RESULTS**

2017(i) Type of Financial Statement Opinion	Unmodified
2017(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2017(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2017(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2017(iv) Were there any material internal control weaknesses reported for major federal programs?	No
2017(iv) Were there any significant deficiencies in internal control reported for major federal programs?	No
2017(v) Type of Major Programs' Compliance Opinion	Unmodified
2017(vi) Are there any reportable findings under 2 CFR 200.516(a)?	No
2017(vii) Major Programs (list):  Public and Indian Housing - CFDA #14.850 Capital Fund Program - CFDA #14.872	
2017(viii) Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: All Others
2017(ix) Low Risk Auditee?	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**STARK METROPOLITAN HOUSING AUTHORITY  
STARK COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
MARCH 31, 2017**

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The prior audit report, as of March 31, 2016, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



# Dave Yost • Auditor of State

**STARK COUNTY METROPOLITAN HOUSING AUTHORITY**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 9, 2017**