

Stark Metropolitan Housing Authority

Financial Statements

For the Year Ended March 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Stark Metropolitan Housing Authority, Stark County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2010 through March 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stark Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 22, 2011

This page intentionally left blank.

STARK METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
Statement of Net Assets - Proprietary Fund Type - Enterprise Fund	14-15
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund Type - Enterprise Fund	16
Statement of Cash Flows - Proprietary Fund Type – Enterprise Fund	17-18
Notes to the Financial Statements	19-35
Supplemental Data:	
Financial Data Schedule	36-59
Schedule of Expenditures of Federal Awards	60
Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	61-62
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	63-64
Schedule of Findings and Questioned Costs	65-70
Schedule of Prior Audit Findings	71

This page intentionally left blank.



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

Independent Auditors' Report

Board of Commissioners
Stark Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Stark Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2011, which collectively comprise the Authority basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Stark Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the component units of Stark Metropolitan Housing Authority (see Note 1C for a description), which statements reflect total assets constituting 4.2% of the total assets at March 31, 2011, and total operating revenues constituting 2.0% of total operating revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of such other auditors.

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

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely component units of the Stark Metropolitan Housing Authority, Ohio, as of March 31, 2011, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 16, 2011, on my consideration of Stark Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United State of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Stark Metropolitan Housing Authority basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The FDS Schedule Submitted to REAC is presented for purposes additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.
September 16, 2011

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

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

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year end March 31, 2011 activities, resulting changes and currently known facts as it related to the primary government. Component unit activity is excluded from the figures discussion unless specifically mentioned. Please read this in conjunction with the Authority's financial statements (beginning on page 14).

FINANCIAL HIGHLIGHTS

- The Authority's net assets increased by \$0.77 million (or 1.12%) during 2011. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net assets. Net Assets were \$69.82 million and \$69.05 million for 2011 and 2010 respectively. The component unit net assets decreased by \$.01 and were \$0.48 and 0.49 for 2011 and 2010 respectively.
- Total revenues increased by \$1.06 million (or 3.51%) during 2011, and were \$31.25 million and \$30.19 million for 2011 and 2010 respectively. The component unit revenue decreased \$0.05 or 7.14%.
- The total expenses of all Authority programs decreased by \$.06 million (or .20%). Total expenses were \$30.53 million and \$30.47 million for 2011 and 2010 respectively. The component unit expenses decreased \$0.03 or 4.29%.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A

~ Management Discussion and Analysis ~

Basic Financial Statement

~ Authority-wide Financial Statements ~

Other Required Supplementary Information

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

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

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

Authority-Wide Financial Statements

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

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

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

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

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

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

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

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

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

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

Fund Financial Statements

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

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

The Authority's Programs

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

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

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

Other Programs – The housing authority operates various other programs:

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

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

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

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

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

AUTHORITY-WIDE STATEMENT

Statement of Net Assets

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

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

<u>Stark Metropolitan Housing Authority</u>		
	<u>2011</u>	<u>2010</u>
Current Assets	\$ 5.60	\$ 7.68
Capital Assets	76.88	74.75
Noncurrent Assets	-	0.07
Total Assets	<u>\$ 82.48</u>	<u>\$ 82.50</u>
Current Liabilities	\$ 2.55	\$ 2.56
Long-Term Liabilities	10.11	10.89
Total Liabilities	<u>12.66</u>	<u>13.45</u>
Net Assets:		
Investment in Capital Assets, net of Related Debt	66.85	63.88
Restricted Net Assets	1.36	2.37
Unrestricted Net Assets	1.61	2.80
Total Net Assets	<u>69.82</u>	<u>69.05</u>
Total Liabilities and Net Assets	<u>\$ 82.48</u>	<u>\$ 82.50</u>

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

<u>Component Units</u>			
		<u>2011</u>	<u>2010</u>
Current Assets	\$	1.08	\$ 0.97
Capital Assets		1.47	1.54
Noncurrent Assets		1.05	0.85
Total Assets	\$	<u>3.60</u>	\$ <u>3.36</u>
Current Liabilities	\$	0.63	\$ 0.49
Long-Term Liabilities		2.49	2.38
Total Liabilities		<u>3.12</u>	<u>2.87</u>
Net Assets:			
Investment in Capital Assets, net of Related Debt		0.55	0.56
Restricted Net Assets		-	-
Unrestricted Net Assets		(0.07)	(0.07)
Total Net Assets		<u>0.48</u>	<u>0.49</u>
Total Liabilities and Net Assets	\$	<u>3.60</u>	\$ <u>3.36</u>

For more detailed information see the Statement of Net Assets.

Major Factors Affecting the Statement of Net Assets

During 2011, current assets decreased by \$2.08 million, and current liabilities decreased by \$.01 million. Current assets primarily decreased due to expenditure of restricted cash from issuance of bonds for capital improvements utilizing HUD's Capital Funds Financing Program and the result of current year activities. Mortgage receivables decreased \$.64 million due to writing off 2nd mortgages associated with the 5(h) Homeownership program for participants reaching the 10 year requirement.

Capital assets also changed, increasing from \$74.75 million to \$76.88 million. The \$2.13 million increase may be attributed primarily to a combination of net acquisitions of \$6.83 million, less current year depreciation and amortization of \$4.69 million. For more detail see Table 5 "Capital Assets and Debt Administration" below.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

Table 2 presents details on the change in Unrestricted Net Assets

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

<u>Stark Metropolitan Housing Authority</u>			
	<u>Investment in</u>	<u>Restricted</u>	<u>Unrestricted</u>
	<u>Capital Assets</u>	<u>Net Assets</u>	<u>Net Assets</u>
Beginning Balance - March 31, 2010	\$ 63.88	\$ 2.37	\$ 2.80
Results of Operation		(1.01)	1.73
Adjustments:			
Current year Depreciation Expense (1)	(4.69)	-	4.69
Capital Expenditure (2)	6.82	-	(6.82)
Current year Debt Activities, Net	0.83	-	(0.83)
Rounding Adjustments	0.01	-	0.04
Ending Balance - March 31, 2011	<u>\$ 66.85</u>	<u>\$ 1.36</u>	<u>\$ 1.61</u>

<u>Component Unit</u>			
	<u>Investment in</u>	<u>Restricted</u>	<u>Unrestricted</u>
	<u>Capital Assets</u>	<u>Net Assets</u>	<u>Net Assets</u>
Beginning Balance - March 31, 2010	\$ 0.56	\$ -	\$ (0.07)
Results of Operation	-	-	(0.02)
Adjustments:			
Current year Depreciation Expense (1)	(0.08)	-	0.08
Capital Expenditure net of Disposals(2)	0.01	-	(0.01)
Current year Debt Activities, Net	0.06	-	(0.06)
Rounding Adjustments	-	-	0.01
Ending Balance - March 31, 2011	<u>\$ 0.55</u>	<u>\$ -</u>	<u>\$ (0.07)</u>

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

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

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

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

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

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 5.08	\$ 5.32
Operating Subsidies	19.15	20.67
Capital Grants	6.11	3.25
Investment Income	0.02	0.07
Other Revenues	0.89	0.88
Total Revenues	<u>31.25</u>	<u>30.19</u>
<u>Expenses</u>		
Administrative	5.59	5.84
Tenant Services	0.35	0.04
Utilities	3.38	3.36
Maintenance	5.58	5.80
Protective Services	0.57	0.44
General and Interest Expenses	2.12	1.58
Housing Assistance Payments	8.10	7.89
Depreciation	4.69	5.12
Other	0.15	0.40
Total Expenses	<u>30.53</u>	<u>30.47</u>
Net Increases (Decreases)	<u>\$ 0.72</u>	<u>\$ (0.28)</u>

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Year ended March 31, 2011
(Unaudited)

	<u>Component Units</u>	
	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 0.39	\$ 0.39
Operating Subsidies	-	0.02
Investment Income	0.14	0.12
Other Revenues	0.12	0.17
Total Revenues	0.65	0.70
<u>Expenses</u>		
Administrative	0.24	0.21
Utilities	0.09	0.09
Maintenance	0.10	0.15
General and Interest Expenses	0.16	0.19
Depreciation	0.08	0.06
Total Expenses	0.67	0.70
Net Increases (Decreases)	\$ (0.02)	\$ -

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

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

Tenant revenue decreased slightly during 2011 in comparison to 2010. Operating subsidies decreased along with interest revenue while Capital Grants increased. Total revenue over all increased by \$1.06 million.

Administrative expense decreased by \$0.25 million. Utility expense increased \$0.02 million. Ordinary maintenance expense decreased \$0.22 million and protective services increased \$0.13 million. General expenses increased \$0.54 million. Depreciation decreased \$0.43 million and other expenses decreased \$0.25 million. The Authority continues to reduce natural gas expenses through a special rate negotiation initiative.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had \$76.88 million invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$2.13 million or 2.85% from the end of last year.

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

<u>Stark Metropolitan Housing Authority</u>			
	<u>2011</u>		<u>2010</u>
Land and Land Rights	\$ 15.67	\$	15.67
Buildings and Improvements	130.49		130.38
Equipment	4.29		4.22
Accumulated Depreciation	(99.01)		(94.32)
Construction in Progress	25.44		18.80
Total	<u>\$ 76.88</u>	<u>\$</u>	<u>74.75</u>

<u>Component Units</u>			
	<u>2011</u>		<u>2010</u>
Land and Land Rights	\$ 0.23	\$	0.18
Buildings	1.66		1.70
Equipment	0.05		0.05
Accumulated Depreciation	(0.47)		(0.39)
Total	<u>\$ 1.47</u>	<u>\$</u>	<u>1.54</u>

The following reconciliation summarizes the change in Capital Assets.

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year ended March 31, 2011
(Unaudited)

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

Table 5 - Changes in Capital Assets

	<u>SMHA</u>	<u>Component Unit</u>
Beginning Balance - March 31, 2010	\$ 74.75	\$ 1.54
Current Year Additions	6.82	0.01
Current year Depreciation Expense	(4.69)	(0.08)
Rounding Adjustment	-	-
Ending Balance - March 31, 2011	<u>\$ 76.88</u>	<u>\$ 1.47</u>

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

Debt Outstanding

As of year-end, the Authority had \$10.04 million in debt (bonds, notes, etc.) outstanding compared to \$10.87 million last year, a \$0.83 million decrease. The current year decrease represent portion of debt retired during the year. There was no new debt issued for the year.

TABLE 6
Outstanding Debt
(in millions of dollars)

	<u>SMHA</u>	<u>Component Unit</u>
Beginning Balance - March 31, 2010	\$ 10.87	\$ 0.98
Current Year Debt Issued	-	-
Current Year Principal Payments	(0.83)	(0.06)
Ending Balance - March 31, 2011	<u>\$ 10.04</u>	<u>\$ 0.92</u>

STARK METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
for the Year ended March 31, 2011
(Unaudited)

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

STARK METROPOLITAN HOUSING AUTHORITY

Statement of Net Assets

Proprietary Funds

March 31, 2011

	<i>Primary</i>	<i>Component</i>
	<i>Government</i>	<i>Units</i>
	<hr/>	<hr/>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,601,869	\$ 195,761
Restricted cash and cash equivalents	1,757,260	14,716
Investments	260,411	529,923
Receivables, net	1,054,995	299,273
Inventories, net	414,757	10,154
Prepaid expenses and other assets	512,721	31,062
Total current assets	<hr/> 5,602,013	<hr/> 1,080,889
Noncurrent assets		
Capital assets:		
Land	15,666,246	228,050
Building and equipment	134,792,200	1,715,050
Construction in Progress	25,439,198	-
Less accumulated depreciation	(99,012,387)	(473,989)
Capital assets, net	<hr/> 76,885,257	<hr/> 1,469,111
Other noncurrent assets	-	1,045,837
Total noncurrent assets	<hr/> 76,885,257	<hr/> 2,514,948
Total assets	<hr/> \$ 82,487,270	<hr/> \$ 3,595,837
LIABILITIES		
Current liabilities		
Accounts payable	\$ 148,829	\$ 44,311
Accrued liabilities	535,727	-
Intergovernmental payables	358,347	521,224
Tenant security deposits	397,759	14,088
Deferred revenue	67,249	236
Bonds, notes, and loans payable	699,528	49,521
Other current liabilities	343,694	-
Total current liabilities	<hr/> \$ 2,551,133	<hr/> \$ 629,380

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

STARK METROPOLITAN HOUSING AUTHORITY
Statement of Net Assets (Continued)
Proprietary Funds
March 31, 2011

	<i>Primary Government</i>	<i>Component Units</i>
	<hr/>	<hr/>
Noncurrent liabilities		
Bonds, notes, and loans payable	\$ 9,336,070	\$ 870,732
Accrued compensated absences non-current	778,108	-
Noncurrent liabilities - other	-	1,617,494
<i>Total noncurrent liabilities</i>	<hr/> <i>10,114,178</i>	<hr/> <i>2,488,226</i>
Total liabilities	<hr/> \$ 12,665,311	<hr/> \$ 3,117,606
<i>NET ASSETS</i>		
Invested in capital assets, net of related debt	\$ 66,849,659	\$ 548,858
Restricted net assets	1,359,501	628
Unrestricted net assets	1,612,799	(71,255)
Total net assets	<hr/> \$ 69,821,959	<hr/> \$ 478,231

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

STARK METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended March 31, 2011

	<i>Primary Government</i>	<i>Component Units</i>
<i>OPERATING REVENUES</i>		
Tenant Revenue	\$5,078,593	\$393,893
Government operating grants	19,155,372	-
Other revenue	888,589	118,628
Total operating revenues	25,122,554	512,521
<i>OPERATING EXPENSES</i>		
Administrative	5,591,833	244,464
Tenant services	348,016	-
Utilities	3,384,799	85,950
Maintenance	5,578,911	99,654
Protective services	571,008	-
General	1,696,022	97,163
Housing assistance payment	8,095,557	-
Other operating expenses	90,427	-
Depreciation	4,689,199	82,497
Total operating expenses	30,045,772	609,728
Operating income (loss)	(4,923,218)	(97,207)
<i>NONOPERATING REVENUES (EXPENSES)</i>		
Interest and investment revenue	22,859	139,745
Interest expense	(422,396)	(58,686)
Total nonoperating revenues (expenses)	(399,537)	81,059
Income (loss) before contributions and transfers	(5,322,755)	(16,148)
Capital grants	6,106,387	-
Extraordinary items gain/(loss)	(63,800)	-
Change in net assets	719,832	(16,148)
Total net assets - beginning (restated)	69,102,127	494,379
Total net assets - ending	\$ 69,821,959	\$ 478,231

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

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

	<i>Primary Government</i>	<i>Component Units</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	\$19,490,327	\$0
Tenant revenue received	5,246,649	408,803
Other revenue received	215,236	72,728
Housing assistance payments made	(8,095,557)	0
General and administrative expenses paid	(17,236,410)	(468,886)
Net cash provided (used) by operating activities	(379,755)	12,645
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grant funds received	6,106,387	0
Property and equipment purchased	(6,828,117)	(7,123)
Principal payment on debt	(830,425)	(55,339)
Interest payment on debt	(427,295)	(58,686)
Net cash provided (used) by capital and related financing activities	(1,979,450)	(121,148)
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers from/to investments	(260,411)	(95,517)
Interest received	22,859	139,745
Net cash provided (used) by investing activities	(237,552)	44,228
Net increase (decrease) in cash	(2,596,757)	(64,275)
Cash and cash equivalents - Beginning of year	5,955,886	274,752
Cash and cash equivalents - End of year	\$3,359,129	\$210,477

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

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

	<i>Enterprise Fund</i>	<i>Component Units</i>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	(\$4,923,218)	(\$97,207)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation	4,689,199	82,497
- (Increases) Decreases in Accounts Receivable	(105,919)	(65,200)
- (Increases) Decreases in Inventory	(69,851)	(10,154)
- (Increases) Decreases in Prepaid Assets	(50,372)	(6,706)
- (Increases) Decreases in Other Noncurrent Asset	63,800	(195,020)
- Increases (Decreases) in Accounts Payable	(38,717)	(382,654)
- Increases (Decreases) in Accrued Wages and Taxes Payable	78,669	0
- Increases (Decreases) in Compensated Absences Payable	(114,255)	0
- Increases (Decreases) in Deferred Revenue	(258,378)	(2,069)
- Increases (Decreases) in Other Current Liabilities	325,693	0
- Increases (Decreases) in Tenant Security Deposits	4,991	(54)
- Increases (Decreases) in Other Non-Current Liabilities	0	167,988
- Increases (Decreases) in Payable to Government	18,603	521,224
	(\$379,755)	\$12,645
Net cash provided by operating activities	(\$379,755)	\$12,645

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

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

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

B. Summary of Significant Accounting Policies

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

C. Reporting Entity

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to insure that the financial statements are not misleading consistent with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. Based on application of the criteria set forth in GASB Statement No. 14, the Authority evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the Authority, and whether exclusion would cause the basic financial statements to be misleading or incomplete. Among the factors considered were whether the Authority holds the PCU's corporate power, appoints a voting majority of the PCU's board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the Authority and the PCU. The primary

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

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

C. Reporting Entity (Continued)

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

Discretely Presented Component Units

The component units column in the combined financial statements identifies the financial data of the Authority's three component units: the Freed Housing Corporation, the Washington Area Housing Agency, LLC, and the Stark Metropolitan Housing Authority Federal Credit Union. They are reported separately to emphasize that they are legally separate from the Authority and provide services to clients of the Authority and others.

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

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

The Stark Metropolitan Housing Authority Credit Union is a federal credit union chartered under the laws of the United States. The purpose of the credit union is to provide its members the opportunity to accumulate savings and to create a source of credit for them. Separately issued financial statements can be obtained from the Authority. Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)**

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

D. Fund Accounting

The Authority uses enterprise funds to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

E. Proprietary Fund Types

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

F. Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the *Governmental Accounting Standards Board*.

G. Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Investment income earned in fiscal year 2011 totaled \$22,859 for the primary government and \$139,745 for the component unit.

H. Capital Assets

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

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

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

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

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

I. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

J. Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount. Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; and **(2)** it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

K. Capital Contributions

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

L. Budgetary Accounting

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

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)**

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

M. Estimates (continued)

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

In 2006, the Authority adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This new standard revised the existing requirements regarding disclosure of custodial credit risk and establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Adoption of GASB Statement No. 40 had no effect on net assets and change in net assets in the prior or current year.

A. Deposits

State statutes classify monies held by the Authority into three categories. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. At year-end, the carrying amount of the Authority's deposits was \$3,619,540 (including \$1,757,260 of restricted funds which includes \$260,411 of nonnegotiable certificates of deposit and \$1,310 of petty cash).

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits of the primary government totaling \$109,314 were covered by National Credit Union Share Insurance Fund; deposits totaling \$478,430 were covered by Federal Depository Insurance, and deposits totaling \$4,126,553 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

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

B. Investments

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

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

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)**

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

B. Investments (Continued)

Foreign Currency Risk

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

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

	Cash & Cash Equivalent	Investments
Per Statement of Net Assets	\$3,619,540	\$0
Certificate of Deposits	(260,411)	260,411
	\$3,359,129	\$260,411

C. Component Unit

At year end, the carrying amount of the component units' investments and deposits was \$740,400, of this amount \$250,000 was covered by FDIC insurance and the balance was covered by a pledged collateral pool. Investments of the component unit consisted of money market funds at a local financial institution.

NOTE 3: **RESTRICTED CASH**

Restricted cash balance as of March 31, 2011 represents cash on hand for the following:

	Primary Government	Component Unit
Tenant Security Deposit	\$397,759	\$14,088
Restricted HAP Cash	206,968	0
Bond Proceeds to be used for Capital Improvement	1,152,533	0
Restricted Cash for Payment of Current Liabilities	0	628
	\$1,757,260	\$14,716

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 4: INSURANCE COVERAGE

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is covered for property damage and general liability through the Housing Authority Insurance Company. Auto liability and auto physical damage are covered through separate insurance companies. Deductible and coverage limits are summarized below:

	Deductible	Coverage Limits
Property	\$10,000	\$193,201,357
General Liability	\$5,000	\$5,000,000
Auto Liability	\$0	\$1,000,000
Auto Physical Damage	\$500	ACV
Commercial Inland Marine	\$13,000	\$130,000
Lead Inspectors' Professional Liability	\$5,000	\$1,000,000
Boiler and Machinery	\$10,000	\$50,000,000

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

NOTE 5: CAPITAL ASSETS

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

	Primary Government	Component Units	Total
<i>Capital Assets Not Depreciated:</i>			
Land	\$15,666,246	\$228,050	\$15,894,296
Construction in Progress	25,439,198	0	25,439,198
Total Capital Assets Not Depreciated	41,105,444	228,050	41,333,494
<i>Capital Assets Being Depreciated:</i>			
Building and Building Improvements	130,495,287	1,658,509	132,153,796
Furniture and Equipment Dwelling	4,296,913	56,541	4,353,454
Accumulated Depreciation	(99,012,387)	(473,989)	(99,486,376)
Total Capital Assets Being Depreciated	35,779,813	1,241,061	37,020,874
Total Capital Assets	\$76,885,257	\$1,469,111	\$78,354,368

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 5: CAPITAL ASSETS (Continued)

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

	Balance 03/31/2010	Adjust	Additions	Deletion	Balance 03/31/2011
Capital Assets Not Being Depreciated:					
Land	\$15,666,247	(\$1)	\$0	\$0	\$15,666,246
Construction in Progress	18,805,160	0	6,634,038	0	25,439,198
Total Capital Assets Not Being Depreciated	34,471,407	(1)	6,634,038	0	41,105,444
Capital Assets Being Depreciated:					
Buildings & Improvements	130,376,890	1	118,396	0	130,495,287
Furnt, Mach. and Equip	4,221,230	0	75,683	0	4,296,913
Total Capital Assets Being Depreciated	134,598,120	1	194,079	0	134,792,200
Accumulated Depreciation:					
Buildings & Improvements	(93,898,129)	2	(4,568,170)	0	(98,466,297)
Furnt, Mach. and Equip -	(425,061)	0	(121,029)	0	(546,090)
Total Accumulated Depreciation	(94,323,190)	2	(4,689,199)	0	(99,012,387)
Total Capital Assets Being Depreciated, Net	40,274,930	3	(4,495,120)	0	35,779,813
Total Capital Assets, Net	\$74,746,337	\$2	\$2,138,918	\$0	\$76,885,257

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

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

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

	Balance 03/31/2010	Adjust	Additions	Deletion	Balance 03/31/2011
Capital Assets Not Being Depreciated:					
Land	\$185,199	\$42,851	\$0	\$0	\$228,050
Total Capital Assets Not Being Depreciated	185,199	42,851	0	0	228,050
Capital Assets Being Depreciated:					
Buildings	1,700,858	(42,849)	0	0	1,658,009
Furnt, Mach. and Equip	49,920	0	7,121	0	57,041
Total Capital Assets Being Depreciated	1,750,778	(42,849)	7,121	0	1,715,050
Accumulated Depreciation:					
Buildings	(341,572)	0	(80,629)	0	(422,201)
Furnt, Mach. and Equip -	(49,920)	0	(1,868)	0	(51,788)
Total Accumulated Depreciation	(391,492)	0	(82,497)	0	(473,989)
Total Capital Assets Being Depreciated, Net	1,359,286	(42,849)	(75,376)	0	1,241,061
Total Capital Assets, Net	\$1,544,485	\$2	(\$75,376)	\$0	\$1,469,111

NOTE 6: **DEFINED BENEFIT PENSION PLANS**

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

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

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010-2011, member and employer rates were consistent across all three plans. The 2010-2011 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended March 31, 2011, 2010, and 2009 \$662,341, \$624,779, and \$611,335 respectively. Ninety-three percent has been contributed for 2009-2010. All required contributions for the two previous years have been paid.

NOTE 7: **POSTEMPLOYMENT BENEFITS**

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

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

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 7: POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010-2011, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010-2011, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended March 31, 2011, which were used to fund post-employment benefits were \$260,205.

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

NOTE 8: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)

NOTE 9: COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees earn 4.6 hours sick leave per eighty (80) hours of service. Unused sick leave may be accumulated without limit. At the time of separation, if an employee or retiree qualifies under OPERS and was hired prior to April 1, 2008, the employee will be eligible to receive payment for 50 percent of their accumulated sick leave balance. This payment is reduced from 50 percent to 33.33 percent for employees hired on or after April 1, 2008. All permanent employees earn vacation hours accumulated based on length of service. All vacation time earned may be accumulated up to 3 times the annual amount that can be accrued in a calendar year.

The following is a summary of changes in compensated absences for the year ended March 31, 2011:

Description	Balance 03/31/10	Increase	Decrease	Balance 03/31/11	Due Within One Year
Liability Amount	\$975,822	\$136,242	\$250,497	\$861,567	\$83,459

NOTE 10: LONG-TERM OBLIGATIONS

Changes in the Authority's long-term obligations during fiscal year 2011 are as follows:

	Balance 03/31/10	Additions	Adjust/ Deletions	Balance 03/31/11	Due within One Year
General Long-Term Obligations					
<i>Primary Government</i>					
FirstMerit – Hillview					
Apts – 08/07/02 5.15%	\$140,882	\$0	\$58,682	\$82,200	\$61,165
FirstMerit – Cleveland					
Ave 11/22/06 5.02%	871,748	0	48,149	823,599	49,899
Fifth Third – Equipment					
Lease 05/22/06 7.57%	2,253,393	0	123,754	2,129,639	133,464
Local Initiative Support					
– Knights of Columbus					
Renovation 7%	550,000	0	350,000	200,000	200,000
Ohio Housing Finance					
Agency – Serial Bonds					
07/17/07 3.9% - 4.67%	7,050,000	0	249,840	6,800,160	255,000
Total Primary					
Government	\$10,866,023	\$0	\$830,425	\$10,035,598	\$699,528

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)**

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

	Balance 03/31/10	Additions	Deletions	Balance 03/31/11	Due within One Year
<i>Component Units</i>					
Freed Housing Corporation, (Various Notes)	\$612,042	\$0	\$20,498	\$591,544	\$15,528
Washington Area Housing Agency, LLC	363,550	0	34,841	328,709	36,593
Total Component Units	\$975,592	\$0	\$55,339	\$920,253	\$52,121

The Authority was obligated on the following notes as of March 31, 2011:

First Merit Bank

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

\$82,200

First Merit Bank

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

824,792

Fifth Third Bank

Note dated May 22, 2006; due January 2017; payable in monthly installments of \$24,176 in principal plus interest at a fixed rate of 7.57%. The note was issued for the purpose of making energy efficiency improvements associated with the Canton Senior Center construction project.

2,129,668

Local Initiative Support Consortium

Note dated February 8, 2007, due September 2011, payable in annual installments of \$350,000 principal and interest at a fixed rate of 7%. The note was issued to support the renovation of the former Knights of Columbus building.

200,000

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)**

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

Ohio Housing Finance Agency

Note dated July 17, 2007, due March 2027, funded by a bond issue in the principal amount of \$40,532,000, of which SMHA's share is \$7,620,000. Repayment of the loan funded through contributions from HUD under the Capital Fund Program and investment earnings. Payment made by reducing the Capital Fund Program subsidy due SMHA. Payments are due semi-annually beginning September 28, 2007, totaling approximately \$600,000 annually. Serial bonds issued with fixed interest rates between 3.90% and 4.67%. The bonds were issued to provide major renovations at three high-rise buildings: W.L. Hart Apartments, Plaza Apartments and Lincoln Apartments.

6,800,160

Total

\$ 10,035,598

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

	Principal	Interest	Total
31-Mar-12	\$699,528	\$509,016	\$1,208,544
2013	481,721	482,495	964,216
2014	488,899	456,841	945,740
2015	513,068	429,121	942,189
2016	1,099,234	384,573	1,483,807
2017 – 2021	3,139,210	1,167,340	4,306,550
2022 – 2026	2,310,000	576,750	2,886,750
2027 – 2030	1,303,938	55,875	1,359,813
Total	<u>\$10,035,598</u>	<u>\$4,062,011</u>	<u>\$14,097,609</u>

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)**

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

The debt schedule for the component units is as follows:

Freed Housing:	
First Merit Bank - Line of Credit	\$147,043
First Merit Bank - Promissory Note - Principal Amount \$173,364, Interest Rate of 4.69% to 5.08%	160,075
First Merit Bank - Promissory Note - Principal Amount \$91,661, Interest Rate of 8.0%	81,177
First Merit Bank - Promissory Note - Principal Amount \$46,000, Interest Rate of 6.2%	36,518
First Merit Bank - Promissory Note - Principal Amount \$49,600, Interest Rate of 7.21%	39,942
First Merit Bank - Promissory Note - Principal Amount \$49,600 - Interest Rate of 7.1%	41,347
First Merit Bank - Promissory Note - Principal Amount \$47,920 - Interest Rate of 7.1%	39,928
First Merit Bank - Promissory Note - Principal Amount \$52,400 - Interest Rate of 7.68%	45,514
Washington Area Housing Agency LLC	<u>328,709</u>
Total	<u>\$920,253</u>

Amortization of the debt was not available.

NOTE 11: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2011 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

**STARK METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011
(CONTINUED)**

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

	<u>Freed Housing Corporation</u>	<u>Washington Housing LLC</u>	<u>Credit Union</u>	<u>Total</u>
<u>Balance Sheet</u>				
Current Assets	\$112,613	\$95,225	\$873,051	\$1,080,889
Capital Assets	1,067,280	397,382	4,449	1,469,111
Other Assets	0	0	1,045,837	1,045,837
Current Liabilities	562,355	66,576	3,049	631,980
Non-Current Liabilities	576,016	292,116	1,617,494	2,485,626
Net Assets	<u>\$41,522</u>	<u>\$133,915</u>	<u>\$302,794</u>	<u>\$478,231</u>
<u>Revenue Expenses and Changes in Equity</u>				
Total Revenue	\$154,113	\$285,772	\$212,381	\$652,266
Total Expenses	318,467	265,042	84,905	668,414
Excess of Revenue Over Expenses	(164,354)	20,730	127,476	(16,148)
Beginning Net Assets	205,876	113,185	175,318	494,379
Ending Net Assets	<u>\$41,522</u>	<u>\$133,915</u>	<u>\$302,794</u>	<u>\$478,231</u>

NOTE 13: EXTRAORDINARY LOSS

The Statement of Revenue, Expenses and Changes in Net Assets reported an Extraordinary Loss of \$63,800. These amounts represent the write-off of the loans receivable that reached the 10 year mark. These loans represented property sold to eligible individuals from the housing authority homeownership program. The sale agreement specified that upon the 10 year anniversary, the receivable amount is to be forgiven.

NOTE 14: RESTATEMENT OF NET ASSETS

The statement of net assets needed to be restated by \$49,142 to record an adjustment to properly state HUD grant revenue earned in prior year.

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	6 Component Units	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services
111 Cash - Unrestricted	\$909,943	\$126,839	\$333,726	\$195,761	\$41,976	\$0
112 Cash - Restricted - Modernization and Development	\$1,152,533	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$206,968	\$0	\$628	\$0	\$0
114 Cash - Tenant Security Deposits	\$380,367	\$0	\$17,392	\$14,088	\$0	\$0
100 Total Cash	\$2,442,843	\$333,807	\$351,118	\$210,477	\$41,976	\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$266,036	\$0	\$810,422	\$104,047	\$0	\$0
126 Accounts Receivable - Tenants	\$108,183	\$0	\$18,396	\$15,792	\$0	\$0
126.1 Allowance for Doubtful Accounts - Tenants	(\$10,818)	\$0	(\$2,083)	(\$1,655)	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$181,089	\$0	\$0
128 Fraud Recovery	\$18,186	\$16,945	\$0	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	(\$1,820)	(\$1,695)	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$379,767	\$15,250	\$826,735	\$299,273	\$0	\$0
131 Investments - Unrestricted	\$0	\$0	\$260,411	\$529,923	\$0	\$0
142 Prepaid Expenses and Other Assets	\$343,173	\$10,675	\$15,363	\$31,062	\$709	\$0
143 Inventories	\$423,947	\$0	\$0	\$10,154	\$0	\$0
143.1 Allowance for Obsolete Inventories	(\$9,190)	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$1,828,548	\$0	\$338,673	\$0	\$0	\$0
150 Total Current Assets	\$5,409,088	\$359,732	\$1,792,300	\$1,080,889	\$42,685	\$0
161 Land	\$15,041,796	\$0	\$19,600	\$228,050	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	6 Component Units	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services
162 Buildings	\$126,932,643	\$0	\$1,735,696	\$1,658,509	\$0	\$0
163 Furniture, Equipment & Machinery - Dwellings	\$2,986,826	\$61,599	\$0	\$17,696	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$17,534	\$0	\$94,791	\$38,845	\$0	\$0
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	(\$96,794,476)	(\$61,599)	(\$775,886)	(\$473,989)	\$0	\$0
167 Construction in Progress	\$24,195,119	\$0	\$1,244,079	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$72,379,442	\$0	\$2,318,280	\$1,469,111	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$1,026,172	\$0	\$0
174 Other Assets	\$0	\$0	\$0	\$19,665	\$0	\$0
180 Total Non-Current Assets	\$72,379,442	\$0	\$2,318,280	\$2,514,948	\$0	\$0
190 Total Assets	\$77,788,530	\$359,732	\$4,110,580	\$3,595,837	\$42,685	\$0
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$73,797	\$0	\$28,888	\$44,311	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$142,955	\$18,801	\$0	\$0	\$735	\$0
322 Accrued Compensated Absences - Current Portion	\$44,209	\$0	\$1,709	\$0	\$0	\$0
325 Accrued Interest Payable	\$163,000	\$0	\$0	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$154,620	\$521,224	\$0	\$0
333 Accounts Payable - Other Government	\$154,524	\$0	\$0	\$0	\$0	\$0
341 Tenant Security Deposits	\$380,367	\$0	\$17,392	\$14,088	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	6 Component Units	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services
342 Deferred Revenues	\$0	\$15,251	\$672	\$236	\$37,364	\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$638,363	\$0	\$61,165	\$52,121	\$0	\$0
345 Other Current Liabilities		\$0	\$0	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$2,319,486	\$37,268	\$1,661,328	\$0	\$0	\$0
310 Total Current Liabilities	\$3,916,701	\$71,320	\$1,925,774	\$631,980	\$38,099	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$9,315,036	\$0	\$21,034	\$868,132	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$1,617,494	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$508,485	\$40,671	\$3,319	\$0	\$3,748	\$0
350 Total Non-Current Liabilities	\$9,823,521	\$40,671	\$24,353	\$2,485,626	\$3,748	\$0
300 Total Liabilities	\$13,740,222	\$111,991	\$1,950,127	\$3,117,606	\$41,847	\$0
508.1 Invested In Capital Assets, Net of Related Debt	\$62,426,043	\$0	\$2,236,081	\$548,858	\$0	\$0
511.1 Restricted Net Assets	\$1,152,533	\$206,968	\$0	\$628	\$0	\$0
512.1 Unrestricted Net Assets	\$469,732	\$40,773	(\$75,628)	(\$71,255)	\$838	\$0
513 Total Equity/Net Assets	\$64,048,308	\$247,741	\$2,160,453	\$478,231	\$838	\$0
600 Total Liabilities and Equity/Net Assets	\$77,788,530	\$359,732	\$4,110,580	\$3,595,837	\$42,685	\$0

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
111 Cash - Unrestricted	\$6,898	\$0	\$0	\$16,446	\$0	\$44,932
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$0
114 Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$6,898	\$0	\$0	\$16,446	\$0	\$44,932
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$12,153
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$0	\$0
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$0	\$0	\$12,153
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$274	\$0	\$0	\$206	\$0	\$701
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$0
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$7,172	\$0	\$0	\$16,652	\$0	\$57,786
161 Land	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
162 Buildings	\$0	\$0	\$0	\$0	\$0	\$0
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$0	\$0
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0
167 Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$0	\$0	\$0	\$0	\$0	\$0
190 Total Assets	\$7,172	\$0	\$0	\$16,652	\$0	\$57,786
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$11,322
312 Accounts Payable <= 90 Days	\$0	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$241			\$530		\$621
322 Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$4,794	\$0	\$0	\$0	\$0	\$44,409
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0
341 Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
342 Deferred Revenues	\$0	\$0	\$0	\$13,962	\$0	\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$5,035	\$0	\$0	\$14,492	\$0	\$56,352
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$137	\$0	\$0	\$160	\$0	\$984
350 Total Non-Current Liabilities	\$137	\$0	\$0	\$160	\$0	\$984
300 Total Liabilities	\$5,172	\$0	\$0	\$14,652	\$0	\$57,336
508.1 Invested In Capital Assets, Net of Related Debt	\$0	\$0	\$0	\$0	\$0	\$0
511.1 Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0
512.1 Unrestricted Net Assets	\$2,000	\$0	\$0	\$2,000	\$0	\$450
513 Total Equity/Net Assets	\$2,000	\$0	\$0	\$2,000	\$0	\$450
600 Total Liabilities and Equity/Net Assets	\$7,172	\$0	\$0	\$16,652	\$0	\$57,786

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$121,109	\$1,797,630	\$0	\$1,797,630
112 Cash - Restricted - Modernization and Development	\$0	\$1,152,533	\$0	\$1,152,533
113 Cash - Other Restricted	\$0	\$207,596	\$0	\$207,596
114 Cash - Tenant Security Deposits	\$0	\$411,847	\$0	\$411,847
100 Total Cash	\$121,109	\$3,569,606	\$0	\$3,569,606
122 Accounts Receivable - HUD Other Projects	\$0	\$12,153	\$0	\$12,153
125 Accounts Receivable - Miscellaneous	\$9,626	\$1,190,131	(\$266,036)	\$924,095
126 Accounts Receivable - Tenants	\$0	\$142,371	\$0	\$142,371
126.1 Allowance for Doubtful Accounts - Tenants	\$0	(\$14,556)	\$0	(\$14,556)
127 Notes, Loans, & Mortgages Receivable - Current	\$77,500	\$258,589	\$0	\$258,589
128 Fraud Recovery	\$0	\$35,131	\$0	\$35,131
128.1 Allowance for Doubtful Accounts - Fraud	\$0	(\$3,515)	\$0	(\$3,515)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$87,126	\$1,620,304	(\$266,036)	\$1,354,268
131 Investments - Unrestricted	\$0	\$790,334	\$0	\$790,334
142 Prepaid Expenses and Other Assets	\$141,620	\$543,783	\$0	\$543,783
143 Inventories	\$0	\$434,101	\$0	\$434,101
143.1 Allowance for Obsolete Inventories	\$0	(\$9,190)	\$0	(\$9,190)
144 Inter Program Due From	\$1,850,861	\$4,018,082	(\$4,018,082)	\$0
150 Total Current Assets	\$2,200,716	\$10,967,020	(\$4,284,118)	\$6,682,902
161 Land	\$604,850	\$15,894,296	\$0	\$15,894,296

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	COCC	Subtotal	ELIM	Total
162 Buildings	\$1,826,948	\$132,153,796	\$0	\$132,153,796
163 Furniture, Equipment & Machinery - Dwellings	\$1,126,707	\$4,192,828	\$0	\$4,192,828
164 Furniture, Equipment & Machinery - Administration	\$9,456	\$160,626	\$0	\$160,626
165 Leasehold Improvements	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	(\$1,380,426)	(\$99,486,376)	\$0	(\$99,486,376)
167 Construction in Progress	\$0	\$25,439,198	\$0	\$25,439,198
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,187,535	\$78,354,368	\$0	\$78,354,368
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$1,026,172	\$0	\$1,026,172
174 Other Assets	\$0	\$19,665	\$0	\$19,665
180 Total Non-Current Assets	\$2,187,535	\$79,400,205	\$0	\$79,400,205
190 Total Assets	\$4,388,251	\$90,367,225	(\$4,284,118)	\$86,083,107
311 Bank Overdraft	\$0	\$11,322	\$0	\$11,322
312 Accounts Payable <= 90 Days	\$34,822	\$181,818	\$0	\$181,818
321 Accrued Wage/Payroll Taxes Payable	\$125,385	\$289,268	\$0	\$289,268
322 Accrued Compensated Absences - Current Portion	\$37,541	\$83,459	\$0	\$83,459
325 Accrued Interest Payable	\$0	\$163,000	\$0	\$163,000
331 Accounts Payable - HUD PHA Programs	\$0	\$49,203	\$0	\$49,203
332 Account Payable - PHA Projects	\$266,036	\$941,880	(\$266,036)	\$675,844
333 Accounts Payable - Other Government	\$0	\$154,524	\$0	\$154,524
341 Tenant Security Deposits	\$0	\$411,847	\$0	\$411,847

Stark Metropolitan Housing Authority
Entity Wide Balance Sheet
March 31, 2011

	COCC	Subtotal	ELIM	Total
342 Deferred Revenues	\$0	\$67,485	\$0	\$67,485
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$751,649	\$0	\$751,649
345 Other Current Liabilities	\$50,000	\$50,000	\$0	\$50,000
346 Accrued Liabilities - Other	\$293,694	\$293,694	\$0	\$293,694
347 Inter Program - Due To	\$0	\$4,018,082	(\$4,018,082)	\$0
310 Total Current Liabilities	\$807,478	\$7,467,231	(\$4,284,118)	\$3,183,113
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$10,204,202	\$0	\$10,204,202
353 Non-current Liabilities - Other	\$0	\$1,617,494	\$0	\$1,617,494
354 Accrued Compensated Absences - Non Current	\$220,604	\$778,108	\$0	\$778,108
350 Total Non-Current Liabilities	\$220,604	\$12,599,804	\$0	\$12,599,804
300 Total Liabilities	\$1,028,082	\$20,067,035	(\$4,284,118)	\$15,782,917
508.1 Invested In Capital Assets, Net of Related Debt	\$2,187,535	\$67,398,517	\$0	\$67,398,517
511.1 Restricted Net Assets	\$0	\$1,360,129	\$0	\$1,360,129
512.1 Unrestricted Net Assets	\$1,172,634	\$1,541,544	\$0	\$1,541,544
513 Total Equity/Net Assets	\$3,360,169	\$70,300,190	\$0	\$70,300,190
600 Total Liabilities and Equity/Net Assets	\$4,388,251	\$90,367,225	(\$4,284,118)	\$86,083,107

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	6 Component Units	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services
70300 Net Tenant Rental Revenue	\$4,883,941	\$0	\$170,800	\$118,324	\$0	\$0
70400 Tenant Revenue - Other	\$0	\$0	\$23,852	\$275,569	\$0	\$0
70500 Total Tenant Revenue	\$4,883,941	\$0	\$194,652	\$393,893	\$0	\$0
70600 HUD PHA Operating Grants	\$9,459,289	\$7,453,371	\$0	\$0	\$548,071	\$8,312
70610 Capital Grants	\$2,687,311	\$0	\$0	\$0	\$0	\$0
70710 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$1,903	\$82	\$8,177	\$613	\$0	\$0
71200 Mortgage Interest Income	\$0	\$0	\$0	\$139,132	\$0	\$0
71400 Fraud Recovery	\$0	\$16,169	\$0	\$0	\$54	\$0
71500 Other Revenue	\$263,641	\$13,918	\$383,351	\$118,628	\$0	\$0
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$8,931	\$1,363	\$0	\$0	\$0	\$0
70000 Total Revenue	\$17,305,016	\$7,484,903	\$586,180	\$652,266	\$548,125	\$8,312
91100 Administrative Salaries	\$828,120	\$357,631	\$168,835	\$52,857	\$4,231	\$0
91200 Auditing Fees	\$21,535	\$0	\$0	\$0	\$0	\$0
91300 Management Fee	\$1,355,093	\$0	\$0	\$23,691	\$0	\$0
91310 Book-keeping Fee	\$210,387	\$0	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$17,191	\$0	\$0	\$0	\$0	\$0
91500 Employee Benefit contributions - Administrative	\$600,351	\$264,778	\$116,173	\$56,789	\$2,336	\$0

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	6 Component Units	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services
91600 Office Expenses	\$454,285	\$126,565	\$17,405	\$106,327	\$23,551	\$326
91700 Legal Expense	\$111,685	\$0	\$2,810	\$4,800	\$0	\$0
91800 Travel	\$4,226	\$1,076	\$122	\$0	\$65	\$3,670
91900 Other	\$0	\$0	\$13,482	\$0	\$0	\$0
91000 Total Operating - Administrative	\$3,602,873	\$750,050	\$318,827	\$244,464	\$30,183	\$3,996
92100 Tenant Services - Salaries	\$50,254	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$26,442	\$0	\$0	\$0	\$0	\$0
92400 Tenant Services - Other	\$77,697	\$0	\$593	\$0	\$0	\$4,316
92500 Total Tenant Services	\$154,393	\$0	\$593	\$0	\$0	\$4,316
93100 Water	\$417,840	\$0	\$10,907	\$11,189	\$0	\$0
93200 Electricity	\$860,788	\$0	\$26,663	\$27,551	\$0	\$0
93300 Gas	\$1,475,038	\$0	\$36,453	\$33,133	\$0	\$0
93600 Sewer	\$448,254	\$0	\$10,021	\$9,617	\$0	\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$17,231	\$4,460	\$0	\$0
93000 Total Utilities	\$3,201,920	\$0	\$101,275	\$85,950	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$1,563,233	\$0	\$14,127	\$0	\$0	\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$387,170	\$0	\$8,902	\$51,691	\$0	\$0
94300 Ordinary Maintenance and Operations Contracts	\$2,329,232	\$0	\$127,221	\$47,963	\$0	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,006,646	\$0	\$9,232	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	6 Component Units	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services
94000 Total Maintenance	\$5,286,281	\$0	\$159,482	\$99,654	\$0	\$0
95100 Protective Services - Labor	\$89,447	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$282,156	\$0	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$18,425	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$54,605	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$444,633	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$341,436	\$2,039	\$4,893	\$39,592	\$122	\$0
96120 Liability Insurance	\$165,158	\$19,326	\$2,425	\$0	\$282	\$0
96100 Total insurance Premiums	\$506,594	\$21,365	\$7,318	\$39,592	\$404	\$0
96200 Other General Expenses	\$385,212	\$0	\$51,846	\$39,390	\$0	\$0
96210 Compensated Absences	\$79,281	\$20,417	\$20,699	\$0	\$2,592	\$0
96300 Payments in Lieu of Taxes	\$154,526	\$0	\$0	\$0	\$0	\$0
96400 Bad debt - Tenant Rents	\$359,506	\$0	\$26,773	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$18,181	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$978,525	\$20,417	\$99,318	\$57,571	\$2,592	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$198,399	\$0	\$0	\$58,686	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$217,626	\$0	\$6,371	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$416,025	\$0	\$6,371	\$58,686	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	6 Component Units	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services
96900 Total Operating Expenses	\$14,591,244	\$791,832	\$693,184	\$585,917	\$33,179	\$8,312
97000 Excess of Operating Revenue over Operating Expenses	\$2,713,772	\$6,693,071	(\$107,004)	\$66,349	\$514,946	\$0
97200 Casualty Losses - Non-capitalized	\$90,427	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$6,902,795	\$0	\$0	\$513,425	\$0
97400 Depreciation Expense	\$4,407,570	\$0	\$93,842	\$82,497	\$0	\$0
90000 Total Expenses	\$19,089,241	\$7,694,627	\$787,026	\$668,414	\$546,604	\$8,312
10010 Operating Transfer In	\$598,253	\$0	\$0	\$0	\$0	\$0
10020 Operating transfer Out	(\$598,253)	\$0	\$0	\$0	\$0	\$0
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$12,187	\$0	\$0	\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	(\$12,187)	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$1,784,225)	(\$209,724)	(\$200,846)	(\$16,148)	\$1,521	\$0
11030 Beginning Equity	\$62,413,456	\$457,465	\$1,262,142	\$494,379	(\$683)	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$3,419,077	\$0	\$1,099,157	\$0	\$0	\$0
Ending Equity	\$64,048,308	\$247,741	\$2,160,453	\$478,231	\$838	\$0

Stark Metropolitan Housing Authority
 Entity Wide Income Statement
 For the Year Ending March 31, 2011

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	6 Component Units	14.238 Shelter Plus Care	14.870 Resident Opportunity and Supportive Services
11020 Required Annual Debt Principal Payments	\$160,448	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$40,773	\$0	\$0	\$0	\$0
11180 Housing Assistance Payments Equity	\$0	\$206,968	\$0	\$0	\$0	\$0
11190 Unit Months Available	29,036	18,624	672	684	1,116	0
11210 Number of Unit Months Leased	28,051	16,903	473	635	986	0
11270 Excess Cash	(\$1,709,615)	\$0	\$0	\$0	\$0	\$0
11610 Land Purchases	\$193,491	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$5,542,455	\$0	\$0	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$344,525	\$0	\$0	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$25,916	\$0	\$0	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$191,441	\$0	\$0	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
70300 Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$0
70400 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$102,545	\$458,643	\$411,530	\$195,535	\$33,500	\$484,576
70610 Capital Grants	\$0	\$0	\$3,419,076	\$0	\$0	\$0
70710 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$75
71500 Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0
70000 Total Revenue	\$102,545	\$458,643	\$3,830,606	\$195,535	\$33,500	\$484,651
91100 Administrative Salaries	\$36,838	\$0	\$246,916	\$38,177	\$20,100	\$30,165
91200 Auditing Fees	\$350	\$0	\$0	\$0	\$0	\$800
91300 Management Fee	\$0	\$0	\$0	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$0	\$0	\$0	\$0	\$0	\$0
91500 Employee Benefit contributions - Administrative	\$24,215	\$0	\$164,613	\$21,478	\$13,400	\$18,994

Stark Metropolitan Housing Authority
 Entity Wide Income Statement
 For the Year Ending March 31, 2011

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
91600 Office Expenses	\$3,334	\$0	\$0	\$3,890	\$0	\$7,536
91700 Legal Expense	\$0	\$0	\$0	\$0	\$0	\$0
91800 Travel	\$25	\$0	\$0	\$17	\$0	\$64
91900 Other	\$0	\$0	\$0	\$0	\$0	\$0
91000 Total Operating - Administrative	\$64,762	\$0	\$411,529	\$63,562	\$33,500	\$57,559
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0
92400 Tenant Services - Other	\$0	\$0	\$0	\$0	\$0	\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$0	\$0	\$0	\$0	\$0	\$0
93200 Electricity	\$0	\$0	\$0	\$0	\$0	\$0
93300 Gas	\$0	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$0	\$0	\$0	\$0	\$0	\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$0	\$0	\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$0	\$0	\$0
94300 Ordinary Maintenance and Operations Contracts	\$0	\$0	\$0	\$0	\$0	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$47	\$0	\$0	\$33	\$0	\$136
96120 Liability Insurance	\$109	\$0	\$0	\$168	\$0	\$264
96100 Total insurance Premiums	\$156	\$0	\$0	\$201	\$0	\$400
96200 Other General Expenses	\$0	\$0	\$0	\$0	\$0	\$0
96210 Compensated Absences	\$0	\$0	\$0	\$0	\$0	\$303
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0
96400 Bad debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$0	\$0	\$0	\$0	\$0	\$303
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
96900 Total Operating Expenses	\$64,918	\$0	\$411,529	\$63,763	\$33,500	\$58,262
97000 Excess of Operating Revenue over Operating Expenses	\$37,627	\$458,643	\$3,419,077	\$131,772	\$0	\$426,389
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$80,071	\$0	\$0	\$172,827	\$0	\$426,439
97400 Depreciation Expense	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$144,989	\$0	\$411,529	\$236,590	\$33,500	\$484,701
10010 Operating Transfer In	\$0	\$0	\$0	\$0	\$0	\$0
10020 Operating transfer Out	\$0	\$0	\$0	\$0	\$0	\$0
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0	\$0	\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$42,444)	\$458,643	\$3,419,077	(\$41,055)	\$0	(\$50)
11030 Beginning Equity	\$44,444	\$640,514	\$0	\$43,055	\$0	\$500
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	(\$1,099,157)	(\$3,419,077)	\$0	\$0	\$0
Ending Equity	\$2,000	\$0	\$0	\$2,000	\$0	\$450

Stark Metropolitan Housing Authority
 Entity Wide Income Statement
 For the Year Ending March 31, 2011

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	14.169 Housing Counseling Assistance Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	\$0
11180 Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$0
11190 Unit Months Available	432	0	0	336	0	1,104
11210 Number of Unit Months Leased	393	0	0	276	0	989
11270 Excess Cash	\$0	\$0	\$0	\$0	\$0	\$0
11610 Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$5,173,065	\$0	\$5,173,065
70400 Tenant Revenue - Other	\$0	\$299,421	\$0	\$299,421
70500 Total Tenant Revenue	\$0	\$5,472,486	\$0	\$5,472,486
70600 HUD PHA Operating Grants	\$0	\$19,155,372		\$19,155,372
70610 Capital Grants	\$0	\$6,106,387		\$6,106,387
70710 Management Fee	\$1,355,092	\$1,355,092	(\$1,355,092)	\$0
70730 Book Keeping Fee	\$210,387	\$210,387	(\$210,387)	\$0
70800 Other Government Grants	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$2,403	\$13,178		\$13,178
71200 Mortgage Interest Income	\$0	\$139,132		\$139,132
71400 Fraud Recovery	\$0	\$16,298		\$16,298
71500 Other Revenue	\$211,381	\$990,919		\$990,919
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$10,294		\$10,294
70000 Total Revenue	\$1,779,263	\$33,469,545	(\$1,565,479)	\$31,904,066
91100 Administrative Salaries	\$953,229	\$2,737,099	\$0	\$2,737,099
91200 Auditing Fees	\$1,228	\$23,913	\$0	\$23,913
91300 Management Fee	\$0	\$1,378,784	(\$1,355,092)	\$23,692
91310 Book-keeping Fee	\$0	\$210,387	(\$210,387)	\$0
91400 Advertising and Marketing	\$2,877	\$20,068	\$0	\$20,068
91500 Employee Benefit contributions - Administrative	\$601,137	\$1,884,264	\$0	\$1,884,264

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	COCC	Subtotal	ELIM	Total
91600 Office Expenses	\$236,727	\$979,946	\$0	\$979,946
91700 Legal Expense	\$14,142	\$133,437	\$0	\$133,437
91800 Travel	\$11,131	\$20,396	\$0	\$20,396
91900 Other	\$0	\$13,482	\$0	\$13,482
91000 Total Operating - Administrative	\$1,820,471	\$7,401,776	(\$1,565,479)	\$5,836,297
92100 Tenant Services - Salaries	\$122,606	\$172,860	\$0	\$172,860
92300 Employee Benefit Contributions - Tenant Services	\$65,418	\$91,860	\$0	\$91,860
92400 Tenant Services - Other	\$690	\$83,296	\$0	\$83,296
92500 Total Tenant Services	\$188,714	\$348,016	\$0	\$348,016
93100 Water	\$3,651	\$443,587	\$0	\$443,587
93200 Electricity	\$50,793	\$965,795	\$0	\$965,795
93300 Gas	\$20,698	\$1,565,322	\$0	\$1,565,322
93600 Sewer	\$1,236	\$469,128	\$0	\$469,128
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$5,226	\$26,917	\$0	\$26,917
93000 Total Utilities	\$81,604	\$3,470,749	\$0	\$3,470,749
94100 Ordinary Maintenance and Operations - Labor	\$0	\$1,577,360	\$0	\$1,577,360
94200 Ordinary Maintenance and Operations - Materials and Other	\$4,394	\$452,157	\$0	\$452,157
94300 Ordinary Maintenance and Operations Contracts	\$128,754	\$2,633,170	\$0	\$2,633,170
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$1,015,878	\$0	\$1,015,878

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	COCC	Subtotal	ELIM	Total
94000 Total Maintenance	\$133,148	\$5,678,565	\$0	\$5,678,565
95100 Protective Services - Labor	\$34,130	\$123,577	\$0	\$123,577
95200 Protective Services - Other Contract Costs	\$0	\$282,156	\$0	\$282,156
95300 Protective Services - Other	\$92,245	\$110,670	\$0	\$110,670
95500 Employee Benefit Contributions - Protective Services	\$0	\$54,605	\$0	\$54,605
95000 Total Protective Services	\$126,375	\$571,008	\$0	\$571,008
96110 Property Insurance	\$4,777	\$393,075	\$0	\$393,075
96120 Liability Insurance	\$3,774	\$191,506	\$0	\$191,506
96100 Total insurance Premiums	\$8,551	\$584,581	\$0	\$584,581
96200 Other General Expenses	\$36,928	\$513,376	\$0	\$513,376
96210 Compensated Absences	\$12,950	\$136,242	\$0	\$136,242
96300 Payments in Lieu of Taxes	\$0	\$154,526	\$0	\$154,526
96400 Bad debt - Tenant Rents	\$0	\$386,279	\$0	\$386,279
96600 Bad debt - Other	\$0	\$18,181	\$0	\$18,181
96800 Severance Expense	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$49,878	\$1,208,604	\$0	\$1,208,604
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$257,085	\$0	\$257,085
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$223,997	\$0	\$223,997
96700 Total Interest Expense and Amortization Cost	\$0	\$481,082	\$0	\$481,082

Stark Metropolitan Housing Authority
Entity Wide Income Statement
For the Year Ending March 31, 2011

	COCC	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$2,408,741	\$19,744,381	(\$1,565,479)	\$18,178,902
97000 Excess of Operating Revenue over Operating Expenses	(\$629,478)	\$13,725,164	\$0	\$13,725,164
97200 Casualty Losses - Non-capitalized	\$0	\$90,427	\$0	\$90,427
97300 Housing Assistance Payments	\$0	\$8,095,557	\$0	\$8,095,557
97400 Depreciation Expense	\$187,787	\$4,771,696	\$0	\$4,771,696
90000 Total Expenses	\$2,596,528	\$32,702,061	(\$1,565,479)	\$31,136,582
10010 Operating Transfer In	\$0	\$598,253	(\$598,253)	\$0
10020 Operating transfer Out	\$0	(\$598,253)	\$598,253	\$0
10070 Extraordinary Items, Net Gain/Loss	(\$63,800)	(\$63,800)	\$0	(\$63,800)
10091 Inter Project Excess Cash Transfer In	\$0	\$12,187	(\$12,187)	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	(\$12,187)	\$12,187	\$0
10100 Total Other financing Sources (Uses)	(\$63,800)	(\$63,800)	\$0	(\$63,800)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$881,065)	\$703,684	\$0	\$703,684
11030 Beginning Equity	\$4,241,234	\$69,596,506	\$0	\$69,596,506
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0
Ending Equity	\$3,360,169	\$70,300,190	\$0	\$70,300,190

Stark Metropolitan Housing Authority
 Entity Wide Income Statement
 For the Year Ending March 31, 2011

	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$160,448	\$0	\$160,448
11170 Administrative Fee Equity	\$0	\$40,773	\$0	\$40,773
11180 Housing Assistance Payments Equity	\$0	\$206,968	\$0	\$206,968
11190 Unit Months Available	0	52,004	0	52,004
11210 Number of Unit Months Leased	0	48,706	0	48,706
11270 Excess Cash	\$0	(\$1,709,615)	\$0	(\$1,709,615)
11610 Land Purchases	\$0	\$193,491	\$0	\$193,491
11620 Building Purchases	\$0	\$5,542,455	\$0	\$5,542,455
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$344,525	\$0	\$344,525
11640 Furniture & Equipment - Administrative Purchases	\$0	\$25,916	\$0	\$25,916
11650 Leasehold Improvements Purchases	\$0	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$191,441	\$0	\$191,441
13901 Replacement Housing Factor Funds	\$0	\$0	\$0	\$0

Stark Metropolitan Housing Authority
Schedule of Expenditure of Federal Award
For the Year Ended March 31, 2011

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	Pass- Through Entity #	EXPENDITURES
U.S. Department of Housing and Urban Development			
Direct Program			
Section 8 Project Base Cluster:			
Section 8 Moderate Rehab. Single Room Occupancy	14.249	(A)	\$102,545
Section 8 Moderate Rehab	14.856	(A)	484,576
Total Section 8 Project Base Cluster Programs			<u>587,121</u>
Housing Counseling Assistance Program	14.169	(A)	33,500
Shelter Plus Care Program	14.238	(A)	548,071
Public Housing Program	14.850	(A)	8,821,631
Resident Opportunity and Supportive Services	14.870	(A)	8,312
Housing Choice Voucher Program	14.871	(A)	7,453,371
Public Housing Capital Fund Cluster:			
Public Housing Capital Fund Program	14.872	(A)	3,324,969
Formula Stimulus Grant (Recovery Act Funded)	14.885	(A)	3,830,606
Total Public Housing Capital Fund Cluster Programs			<u>7,155,575</u>
Total Direct Awards			<u>24,607,581</u>
Passed Through Stark County			
HOME Investment Partnership Program	14.239	(A)	195,535
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	(A)	367,957
Total Passed Through from Stark County			<u>563,492</u>
Passed Through The City of Canton, Ohio			
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	(A)	90,686
Total Passed Through from The City of Canton, Ohio			<u>90,686</u>
Total Expenditure of Federal Award			<u>\$25,261,759</u>

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



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

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

Board of Commissioners
Stark Metropolitan Housing Authority

I have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2011, which collectively comprise the Stark Metropolitan Housing Authority basic financial statements and have issued my report thereon dated September 16, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I did not audit the financial statements of the component units of the Stark Metropolitan Housing Authority, which statements reflect total assets of 4.2 percent of the total assets as of March 31, 2011 and total operating revenues constituting 2.0 percent of total operating revenues for the year then ended. These statements were audited by other auditors and these auditors have reported to you on the legal compliance and internal control over financial reporting of the component units. Accordingly, this report does not address the legal compliance and internal control over financial reporting of the component units of the Stark Metropolitan Housing Authority.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

However, I have identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2011-SMHA-1 that I consider being significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

I have noted certain matters that I have reported to management of Stark Metropolitan Housing Authority in a separate letter dated September 16, 2011.

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

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

Salvatore Consiglio, CPA, Inc.
September 16, 2011



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

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

Board of Commissioners
Stark Metropolitan Housing Authority

Compliance

I have audited the Stark Metropolitan Housing Authority, Ohio, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Stark Metropolitan Housing Authority, Ohio major federal programs for the year ended March 31, 2011. Stark Metropolitan Housing Authority, Ohio major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Stark Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Stark Metropolitan Housing Authority, Ohio's compliance based on my audit.

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

In my opinion, Stark Metropolitan Housing Authority, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2011. However, the results of my auditing procedures disclosed instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-SMHA-2 and 2011-SMHA-3.

Internal Control over Compliance

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

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

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

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

Salvatore Consiglio, CPA, Inc.
September 16, 2011

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	Yes
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	Yes
Major Programs (list):	CFDA # 14.872 PH Capital Fun Program; 14.885 Public Housing Capital Fund Stimulus (Formula); 14.256 Neighborhood Stabilization Program
Dollar Threshold: Type A/B Programs	Type A: > \$757,853 Type B: All Others
Low Risk Auditee?	Yes

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2011

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

FINDING NUMBER	2011-SMHA-1
----------------	-------------

Significant Deficiency – Financial Statements

Condition: Audit procedures over the financial data schedule filed with REAC revealed several errors that required adjustments.

Criteria: HUD Uniform Financial Reporting Standards requires that housing authorities submit accurate financial statements, prepared in accordance with generally accepted accounting principles.

Effect: Sound financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Cause: The errors noted appeared to be keying errors or mapping errors in setting up the new software system that the Authority implemented during the fiscal year.

Recommendation: A review procedures should be implemented prior to filing any financial reports. In addition, the mapping errors noted should be corrected to reflect the actual FDS line items.

Corrective Action Plan: Mapping errors have been corrected and additional review procedures will be put in place prior to submitting the FDS.

Contact Person: Deputy Director
Resolution Date: March 31, 2012

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2011

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

FINDING NUMBER	2011-SMHA-2
----------------	-------------

Compliance Finding – Financial Reporting

U.S. Department of HUD

Public Housing Capital Fund (CFDA # 14.872)

Public Housing Capital Fund Stimulus (Formula) (CFDA # 14.885)

Neighborhood Stabilization Program (CFDA # 14.256)

Condition: The annual financial statements required to be filed with HUD at the end of the fiscal year was not filed timely.

Criteria: In accordance with HUD's Uniform Financial Reporting Standards rule, annually, a PHA is required to submit its financial statement, prepared in accordance with generally accepted accounting principles (GAAP), in the electronic format specified by HUD. The unaudited financial statement is due 2 months after the PHA's fiscal year end and the audited financial statement is due 9 months after its fiscal year end (24 CFR section 5.801).

Effect: The Authority did not comply with the above section of the federal regulation.

Cause: The implementation of the new software system during the fiscal year.

Recommendation: The Authority must comply with the above regulation and ascertain that financial report is filed timely.

Corrective Action Plan: The Housing Authority is not in agreement with this finding as the report was filed within the grace period established by HUD.

Contact Person: Deputy Director
Resolution Date: March 31, 2012

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2011

FINDING NUMBER	2011-SMHA-3
----------------	-------------

Compliance Finding – Reporting

U.S. Department of HUD

Public Housing Capital Fund (CFDA # 14.872)

Public Housing Capital Fund Stimulus (Formula) (CFDA # 14.885)

Condition: The Authority did not file the form HUD-60002 timely.

Criteria: Pursuant to 24 CFR 135.90, Public Housing Authorities are required to submit form HUD-60002 to HUD's Economic Opportunity Division in Washington, DC. This report is due at one of the following intervals:

- By January 10th of each year; or
- Within 10 days of project completion

Effect: The Authority did not comply with 24 CFR 135.90 by not filling the report by the due date. The forms HUD-60002 were filed on August 1, 2011.

Cause: No explanation was provided.

Recommendation: The Authority must comply with the above section and ascertain that the report is filed timely.

Corrective Action Plan: Additional review procedures will be put in place to ensure timely submission.

Contact Person: Deputy Director
Resolution Date: January 10, 2012

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2011

FINDING NUMBER	2011-SMHA-4
----------------	-------------

Material Finding – Excess Cash

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

Condition: The Authority reported on the Financial Data Schedule line 125 – Account Receivable Miscellaneous \$266,036. This amount was reported by the public housing project as a receivable from the Central Office (COCC).

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

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

- (1) Retention for future use;
- (2) Transfer to other projects;
- (3) Payment of an asset management fee to the COCC; and
- (4) Other HUD-approved eligible purposes, including, but not limited to–
 - (a) Financing costs for the development of new units (to the extent allowed under program requirements),
 - (b) Costs of pursuing PHA-wide lawsuits and addressing legal issues incurred prior to asset management that cannot be charged to specific projects or other programs with any degree of accuracy or fairness, and
 - (c) Accrued pension liabilities, retirement benefits liabilities, and other “legacy costs” incurred prior to adoption of asset management (24 CFR section 990.280(b)(5)). (Also see Section 6.2 in the Supplement to HUD Handbook 7475.1.)

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

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

Cause: No explanation was provided.

Stark Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505
March 31, 2011

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

Corrective Action Plan: The Housing Authority will be reviewing the COCC expenditures in detail and will be exploring all of the following options: allowable salary reallocations, switching to fee for service, improving profitability of AMP's to increase asset management fees, as well as reducing overhead costs.

Contact Person: Deputy Director
Resolution Date: March 31, 2012

Federal Questioned Costs:
Public Housing Program \$266,036

Stark Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2011

The following are the status of the March 31, 2010 audit findings.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-SMHA -1	Financial Statement Reporting	No	Partially Corrected – The PHA implement the new software system during the audit period. Audit procedures revealed some errors in mapping the account number on the accounting system to the FDS line items that resulted in error in reporting. The finding was repeated in the current audit report as 2011-SMHA-1
2010-SMHA-1	Annual Recertification	Yes	Corrected – No errors noted during the current audit period.

This page intentionally left blank.



Dave Yost • Auditor of State

STARK METROPOLITAN HOUSING AUTHORITY

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 5, 2012**