

**STARK METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED MARCH 31, 2001**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Directors  
Stark Metropolitan Housing Authority  
Canton, Ohio

We have reviewed the Independent Auditor's Report of the Stark Metropolitan Housing Authority, Stark County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2000 to March 31, 2001. 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, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

October 31, 2001

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STARK METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED MARCH 31, 2001

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**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Stark Metropolitan Housing Authority  
Canton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying general purpose financial statements of Stark Metropolitan Housing Authority, as of and for the year ended March 31, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Stark Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Stark Metropolitan Housing Authority, as of March 31, 2001, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 1, 2001 on our consideration of Stark Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken a whole. The schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Stark Metropolitan Housing Authority. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining Financial Data Schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

August 1, 2001

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James G. Zupka  
Certified Public Accountant



STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINED BALANCE SHEET  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2001

**ASSETS**

Cash and Cash Equivalents	\$ 476,011
Receivables - Net of Allowance	1,164,603
Due from Other Funds	146,224
Inventories - Net of Allowance	417,675
Investments	6,308,327
Deferred Charges and Other Assets	126,126
Fixed Assets - Net of Accumulated Depreciation	71,525,918
Notes Receivable - Non-Current	2,202,164
<b>Total Assets</b>	<b>\$ 82,367,048</b>

**LIABILITIES, RETAINED EARNINGS AND OTHER CREDITS**

Accounts Payable	\$ 987,493
Due to Other Funds	146,224
Accounts Payable - HUD	318,473
Accrued Wages/Payroll Taxes	164,466
Accrued Compensated Absences	558,046
Tenant Security Deposits	282,928
Deferred Credits and Other Liabilities	817,461
Long-Term Debt	2,582,857
<b>Total Liabilities</b>	<b>5,857,948</b>

**RETAINED EARNINGS AND OTHER CREDITS**

Contributed Capital	73,086,545
Retained Earnings	3,422,555
<b>Total Retained Earnings and Other Credits</b>	<b>76,509,100</b>
<b>Total Liabilities, Retained Earnings, and Other Credits</b>	<b>\$ 82,367,048</b>

See accompanying notes to the general purpose financial statements.

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 RETAINED EARNINGS  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2001

**OPERATING REVENUE**

Tenant Revenue	\$ 4,322,476
Program Operating Grants/Subsidies	18,371,722
Other Income	504,048
	23,198,246

**OPERATING EXPENSES**

Administrative	5,150,937
Tenant Services	316,808
Utilities	2,564,993
Maintenance	4,585,042
General	903,486
Protective Services	351,142
Extraordinary Maintenance	584,125
Casualty Losses	40,777
Housing Assistance Payments	6,493,395
Depreciation	4,437,265
	25,427,970
<b>Net Operating Profit (Loss)</b>	<b>(2,229,724)</b>

**NON-OPERATING REVENUE**

Interest Income	449,933
Interest Expense	0
<b>Net Profit (Loss)</b>	<b>(1,779,791)</b>

Retained Earnings and Other Credits, Beginning	79,227,132
Equity Transfers and Prior Period Adjustments	(938,241)

**RETAINED EARNINGS AND  
 OTHER CREDITS, ENDING**

\$ 76,509,100

See accompanying notes to the general purpose financial statements.

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2001

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from HUD	\$ 21,241,770
Cash Received From Tenants	4,423,562
Cash Received Other	770,397
Cash Payments for Housing Assistance Payments	(6,493,395)
Cash Payments for Administrative	(9,555,526)
Cash Payments for Other Operating Expenses	(8,566,808)
Cash Payments to HUD and Other Governments	(590,336)
<b>Net Cash (Used) by Operating Activities</b>	<b>1,229,664</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Contributed Capital	9,950,693
Proceeds for Notes Payable	1,784,778
Principal Payments on Lease/Notes Payable	(134,902)
Acquisition of Other Fixed Assets	(12,946,145)
Prior Period Adjustments	(730,060)
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<b>(2,075,636)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Increase in Notes Receivable	(335,970)
Decrease in Investments	1,507,563
<b>Net Cash Provided by Investing Activities</b>	<b>1,171,593</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>325,621</b>
Cash and Cash Equivalents, Beginning	150,390
Cash and Cash Equivalents, Ending	\$ 476,011

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	\$ (3,560,734)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	4,437,265
(Increase) Decrease in:	
Receivables - Net of Allowance	436,652
Due from Other Funds	(146,224)
Deferred Charges and Other Assets	(10,667)
Inventory - Net of Allowance	134,177
Increase (Decrease) in:	
Accounts Payable - HUD	(590,336)
Accounts Payable	96,024
Due to Other Funds	146,224
Accrued Wages/Payroll Taxes and Compensated Absences	180,185
Tenants' Security Deposits	27,398
Deferred Credits	79,700
<b>Net Cash Used by Operating Activities</b>	<b>\$ 1,229,664</b>

See accompanying notes to the general purpose financial statements.

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001

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.

The accompanying financial statements include all funds and departments of the Authority and include the amounts of Freed Housing Corporation, a not-for-profit entity established by the Authority during the year ended March 31, 2001. Freed Housing Corporation was created to provide ongoing assistance with housing development activities.

**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.

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

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

**C. Reporting Entity**

The accompanying general purpose financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of **a)** the primary government, **b)** organizations for which the primary government is financially accountable, and **c)** other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

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

C. **Reporting Entity** (Continued)

Based on the criteria established by GASB Codification 2100, there is no component unit to be included with the reporting entity.

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

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.

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

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

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 follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

G. **Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2000 totaled \$449,933.

H. **Fixed Assets**

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. 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.

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.

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

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

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.



STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

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

**M. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: **CASH AND INVESTMENTS**

HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

Direct Obligations of the Federal Government;  
Obligations of Federal Government Agencies;  
Securities of Government-Sponsored Agencies; and  
Demand and Savings Deposits and Certificates of Deposit.

Investments consist of certificates of deposit maturing in three months or less and repurchase agreements maturing in seven days or less. Both investments are readily converted into cash but are separated from cash to indicate the intent of management to invest these funds on a long term basis. We have combined cash and investments for purposes of information about deposits held by the Authority.

Governmental Accounting Standards Board Statement No. 3 (GASB No. 3) has established custodial credit risk categories for deposits and investments as follows:

**Deposits:**

- |            |  |
|------------|--|
| Category 1 | Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.   |
| Category 2 | Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.                                     |
| Category 3 | Uncollateralized as defined by the GASB (securities pledged with the pledging financial institution's trust department or agent, but not in the Authority's name). |

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

NOTE 2: **CASH AND INVESTMENTS** (CONTINUED)

**Investments:**

- Category 1 Insured or registered, or securities held by the Authority or its Agent in the Authority's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

*Deposits* - At year end, the carrying amount of the Stark Metropolitan Housing Authority's deposits was \$6,509,338 and the bank balance was \$6,507,778, the difference representing outstanding checks and other in-transit items. \$135,006 of the bank balance was covered by federal depository insurance. The remainder was uninsured and uncollateralized, but were covered by a pledged collateral pool, as allowed by State law.

*Investments* - Stark Metropolitan Housing Authority's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at year end. The risk categories were described previously in this footnote.

Description	Risk Category			Fair Value
	1	2	3	
Certificate of Deposit	\$275,000	\$ 0	\$ 0	\$ 275,000
Total Investments				<u>\$ 275,000</u>

A reconciliation of cash and investments as shown on the Combined Balance Sheet follows:

Cash and cash equivalents	\$ 476,011
Investments	6,308,327
Total	<u>\$ 6,784,338</u>
Carrying amount of deposits	\$ 6,509,338
Carrying amount of investments	275,000
Total	<u>\$ 6,784,338</u>

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

NOTE 3: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

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

NOTE 4: **INSURANCE COVERAGE**

The Authority is covered for property damage, general liability, law enforcement liability, and public officials liability through the Housing Authority Insurance Company. Vehicles are covered through a separate insurance company. Deductible and coverage limits are summarized below:

	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 5,000	\$ 103,509,000 (in total)
General Liability	5,000	5,000,000
Vehicle	250	1,000,000
Law Enforcement	5,000	1,000,000
Public Officials	10,000	1,000,000

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

NOTE 5: **FIXED ASSETS**

The following is a summary:

Land	\$ 15,950,474
Buildings	103,758,721
Furniture and Equipment - Dwellings	1,155,452
Furniture and Equipment - Administrative	1,790,840
	<u>122,655,487</u>
Accumulated Depreciation	(51,129,569)
<b>Net Fixed Assets</b>	<b><u><u>\$ 71,525,918</u></u></b>

The following is a summary of changes:

	Balance <u>April 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2001</u>
Land	\$ 15,682,894	\$ 267,580	\$ 0	\$ 15,950,474
Buildings	98,994,312	4,764,409	0	103,758,721
Furniture and Equipment - Dwellings	1,042,363	113,089	0	1,155,452
Furniture and Equipment - Administrative	2,126,373	0	(335,533)	1,790,840
Total Fixed Assets	<u>117,845,942</u>	<u>5,145,078</u>	<u>(335,533)</u>	<u>122,655,487</u>
Less Accumulated Depreciation				(51,129,569)
<b>Net Fixed Assets - Reporting Entity</b>				<b><u><u>\$ 71,525,918</u></u></b>

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED March 31, 2001  
(CONTINUED)

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

The depreciation periods for the above asset classes are as follows:

Buildings	40 Years
Furniture and Equipment Dwellings	5 to 10 years
Furniture and Equipment Administration	5 to 10 years

NOTE 6: **DEFINED BENEFIT PENSION PLANS**

All of the Authority's full-time employees participate in a retirement system which are cost-sharing, multiple-employer defined benefit pension plans.

A. **Public Employees Retirement System**

The following information was provided by PERS of Ohio to assist the Authority complying with GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

The Stark Metropolitan Housing Authority contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple-employer defined pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand alone financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5 percent. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84 percent of covered payroll, 6.54 percent to fund the pension and 4.3 percent to fund health care. The 1999 and 1998 employer contribution rates were 13.55 percent. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

NOTE 6. **DEFINED BENEFIT PENSION PLANS** (CONTINUED)

A. **Public Employees Retirement System** (Continued)

contributions to the PERS of Ohio for the years ending March 31, 2001, 2000, and 1999 were \$919,196, \$881,128, and \$852,649, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3 percent of covered payroll, which amounted to \$179,211.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75 percent. An annual increase of 4.75 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent base increase, were assumed to range from 0.54 percent to 5.1 percent. Health care costs were assumed to increase 4.75 percent annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 was \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

NOTE 7: **LONG-TERM DEBT**

The Authority was obligated on the following notes as of March 31, 2001:

	<u>2000</u>
<b><u>Bank One</u></b>	
Note dated May 12, 200, due June 2005; payable in 5 annual installments, including interest at a fixed rate of 5.26%. The note is issued for the purpose of purchasing and installing geothermal equipment at the Metropolitan Arms.	\$1,225,000
<b><u>United National Bank and Trust</u></b>	
Note dated March 22, 2001; payable in monthly installments of \$6,740, including interest at a fixed rate of 4.975% with the note due July, 2009. The note is issued for the purchase and improvements of a property at 700 McKinley Avenue.	559,778
<b><u>United National Bank and Trust</u></b>	
Note dated July 9, 1999; due July, 2006; payable in monthly installments of \$9,808 including interest at a fixed rate of 4.44%. The note was issued for the purchase of refrigerators for Public Housing Units.	550,162
<b><u>Bank One</u></b>	
Note dated November 3, 1998; due November 2006; payable in monthly installments of \$3,646 in principal plus interest at a fixed rate of 4.18%. The note was issued for the purpose of providing for energy conservation measure for the Sherrick Court Homes Development.	247,917
Total	<u>\$2,582,857</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 31, 2002	\$ 417,457	\$ 98,825	\$ 516,282
March 31, 2003	429,568	74,365	503,933
March 31, 2004	460,431	31,153	491,584
March 31, 2005	471,205	8,030	479,235
March 31, 2006	498,329	105,296	603,625
Thereafter	305,867	6,837	312,704
Total	<u>\$2,582,857</u>	<u>\$ 324,506</u>	<u>\$2,907,363</u>

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2001  
(CONTINUED)

NOTE 8: **LITIGATION**

The Authority is party to various legal proceedings. In the opinion of Stark Metropolitan Housing Authority, the ultimate disposition of these proceedings will not have a material effect on Stark Metropolitan Housing Authority's financial position. No provision has been made to the financial statements for the effect, if any, of such contingencies.

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2001

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.854 Drug Elimination Program	14.859 Comprehensive Grant Program	14.872 Capital Program
<b>ASSETS</b>					
111	Cash - Unrestricted	\$ 5,100	\$ 0	\$ 0	\$ 0
113	Cash - Other Restrictions	0	0	0	0
114	Cash - Security Deposits	281,673	0	0	0
100	<b>Total Cash</b>	<u>286,773</u>	<u>0</u>	<u>0</u>	<u>0</u>
122	A/R - HUD - Other Projects	916,807	0	0	0
125	A/R - Miscellaneous	124,408	0	0	0
126	A/R Tenants - Dwelling	149,785	0	0	0
126.1	Allowance for Doubtful Accounts	(92,000)	0	0	0
128	Fraud Recovery	0	0	0	0
128.1	Allowance for Doubtful Accounts-Fraud	0	0	0	0
129	Accrued Interest Receivable	0	0	0	0
120	<b>Total Accounts Receivable</b>	<u>1,099,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
131	Investment - Unrestricted	4,963,327	0	0	0
142	Prepaid Expenses and Other Assets	124,272	0	0	0
143	Inventories	463,675	0	0	0
143.1	Allowance for Obsolete Inventories	(46,000)	0	0	0
144	Interprogram Due From	146,224	0	0	0
150	<b>Total Current Assets</b>	<u>7,037,271</u>	<u>0</u>	<u>0</u>	<u>0</u>
161	Land	15,830,039	0	0	0
162	Buildings	96,807,532	0	3,727,552	2,995,386
163	Furniture & Equipment - Dwellings	1,143,543	0	0	0
164	Furniture & Equipment - Administration	1,631,279	0	0	0
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	(50,959,100)	0	(1)	(1)
160	<b>Total Fixed Assets Net</b>	<u>64,453,293</u>	<u>0</u>	<u>3,727,551</u>	<u>2,995,385</u>
171	Notes Receivable - Non-Current	2,202,164	0	0	0
180	<b>Total Non-Current Assets</b>	<u>66,655,457</u>	<u>0</u>	<u>3,727,551</u>	<u>2,995,385</u>
190	<b>TOTAL ASSETS</b>	<u>\$ 73,692,728</u>	<u>\$ 0</u>	<u>\$ 3,727,551</u>	<u>\$ 2,995,385</u>



STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2001  
 (CONTINUED)

FDS Line Item No.	<u>Account Description</u>	14.864 Development & Support Services	14.855 Section 8 Housing Choice Vouchers	14.857 Section 8 Rental Certificate Program	14.182 N/C S/R Section 8 Program
<b><u>ASSETS</u></b>					
111	Cash - Unrestricted	\$ 0	\$ 22,616	\$ 38,123	\$ 32,522
113	Cash - Other Restrictions	0	0	0	0
114	Cash - Security Deposits	0	0	0	0
100	<b>Total Cash</b>	<u>0</u>	<u>22,616</u>	<u>38,123</u>	<u>32,522</u>
122	A/R - HUD - Other Projects	0	0	0	21,167
125	A/R - Miscellaneous	0	0	2,986	0
126	A/R Tenants - Dwelling	0	1,222	22,702	0
126.1	Allowance for Doubtful Accounts	0	(145)	(2,725)	0
128	Fraud Recovery	0	0	0	0
128.1	Allowance for Doubtful Accounts-Fraud	0	0	0	0
129	Accrued Interest Receivable	0	0	0	0
120	<b>Total Accounts Receivable</b>	<u>0</u>	<u>1,077</u>	<u>22,963</u>	<u>21,167</u>
131	Investments - Unrestricted	0	370,000	332,500	509,000
142	Prepaid Expenses and Other Assets	0	0	1,854	0
143	Inventories	0	0	0	0
143.1	Allowance for Obsolete Inventories	0	0	0	0
144	Interprogram Due From	0	0	0	0
150	<b>Total Current Assets</b>	<u>0</u>	<u>393,693</u>	<u>395,440</u>	<u>562,689</u>
161	Land	0	0	0	0
162	Buildings	0	0	156,513	0
163	Furniture & Equipment - Dwellings	0	0	0	0
164	Furniture & Equipment - Administration	0	1,500	68,443	26,660
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	0	(1,500)	(89,963)	(23,434)
160	<b>Total Fixed Assets Net</b>	<u>0</u>	<u>0</u>	<u>134,993</u>	<u>3,226</u>
171	Notes Receivable - Non-Current	0	0	0	0
180	<b>Total Non-Current Assets</b>	<u>0</u>	<u>0</u>	<u>134,993</u>	<u>3,226</u>
190	<b>TOTAL ASSETS</b>	<u>\$ 0</u>	<u>\$ 393,693</u>	<u>\$ 530,433</u>	<u>\$ 565,915</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2001  
 (CONTINUED)

FDS Line Item No.	Account Description	14.238 Shelter Plus Care	14.856 Section 8 Moderate Rehab MR0001	State/ Local	Totals (Memorandum Only)
<b>ASSETS</b>					
111	Cash - Unrestricted	\$ 0	\$ 0	\$ 94,722	\$ 193,083
113	Cash - Other Restrictions	0	0	0	0
114	Cash - Security Deposits	0	0	1,255	282,928
100	<b>Total Cash</b>	<u>0</u>	<u>0</u>	<u>95,977</u>	<u>476,011</u>
122	A/R - HUD - Other Projects	0	2,385	2,526	942,885
125	A/R - Miscellaneous	0	0	189	127,583
126	A/R Tenants - Dwelling	0	17,376	0	191,085
126.1	Allowance for Doubtful Accounts	0	(2,080)	0	(96,950)
128	Fraud Recovery	0	0	0	0
128.1	Allowance for Doubtful Accounts-Fraud	0	0	0	0
129	Accrued Interest Receivable	0	0	0	0
120	<b>Total Accounts Receivable</b>	<u>0</u>	<u>17,681</u>	<u>2,715</u>	<u>1,164,603</u>
131	Investments - Unrestricted	0	63,500	70,000	6,308,327
142	Prepaid Expenses and Other Assets	0	0	0	126,126
143	Inventories	0	0	0	463,675
143.1	Allowance for Obsolete Inventories	0	0	0	(46,000)
144	Interprogram Due From	0	0	0	146,224
150	<b>Total Current Assets</b>	<u>0</u>	<u>81,181</u>	<u>168,692</u>	<u>8,638,966</u>
161	Land	0	0	120,435	15,950,474
162	Buildings	0	0	71,738	103,758,721
163	Furniture & Equipment - Dwellings	0	0	11,909	1,155,452
164	Furniture & Equipment - Administration	0	5,900	57,058	1,790,840
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	0	(5,900)	(49,670)	(51,129,569)
160	<b>Total Fixed Assets Net</b>	<u>0</u>	<u>0</u>	<u>211,470</u>	<u>71,525,918</u>
171	Notes Receivable - Non-Current	0	0	0	2,202,164
180	<b>Total Non-Current Assets</b>	<u>0</u>	<u>0</u>	<u>211,470</u>	<u>73,728,082</u>
190	<b>TOTAL ASSETS</b>	<u>\$ 0</u>	<u>\$ 81,181</u>	<u>\$ 380,162</u>	<u>\$82,367,048</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2001  
 (CONTINUED)

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.854 Drug Elimination Program	14.859 Comprehensive Grant Program	14.872 Capital Program
<b>LIABILITIES</b>					
311	Bank Overdraft	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts Payable, <= 90 Days	852,417	0	0	0
321	Accrued Wages/Payroll Taxes	164,466	0	0	0
322	Accrued Compensated Absence	339,560	0	0	0
325	Accrued Interest Payable	0	0	0	0
331	Accounts Payable - HUD PHA Program	0	0	0	0
332	Accounts Payable - PHA Projects	0	0	0	0
333	Accounts Payable - Other Governments	174,896	0	0	0
341	Tenant Security Deposits	281,673	0	0	0
342	Deferred Revenues	98,121	0	0	0
343	Long-Term Debt-Capital Projects	339,138	0	0	0
345	Other Current Liabilities	20,637	0	0	0
347	Interprogram Due To	0	0	0	0
310	<b>Total Current Liabilities</b>	<u>2,270,908</u>	<u>0</u>	<u>0</u>	<u>0</u>
351	Long-Term Debt, Net of Current Capital Projects	2,243,719	0	0	0
353	Non-Current Liabilities - Other	0	0	0	0
350	<b>Total Non-Current Liabilities</b>	<u>2,243,719</u>	<u>0</u>	<u>0</u>	<u>0</u>
300	<b>TOTAL LIABILITIES</b>	4,514,627	0	0	0
504	Net PHA HUD Contributions	69,178,101	0	3,727,551	2,995,385
507	Other Contributions	0	0	0	0
508	<b>Total Contributed Capital</b>	<u>69,178,101</u>	<u>0</u>	<u>3,727,551</u>	<u>0</u>
512	Retained Earnings	0	0	0	0
513	<b>Total Equity</b>	<u>69,178,101</u>	<u>0</u>	<u>3,727,551</u>	<u>2,995,385</u>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 73,692,728</u>	<u>\$ 0</u>	<u>\$ 3,727,552</u>	<u>\$ 2,995,385</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2001  
 (CONTINUED)

FDS Line Item No.	<u>Account Description</u>	14.864 Economic Development & Supportive Services	14.855 Section 8 Housing Choice Vouchers	14.857 Section 8 Rental Certificate Programs	14.182 N/C S/R Section 8 Programs
<b><u>LIABILITIES</u></b>					
311	Bank Overdraft	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts Payable, <= 90 Days	0	0	0	34,211
321	Accrued Wages/Payroll Taxes	0	0	0	0
322	Accrued Compensated Absence	0	139,582	1,311	28,499
325	Accrued Interest Payable	0	0	0	0
331	Accounts Payable - HUD PHA Prog.	0	11,396	22,016	188,428
332	Accounts Payable - PHA Projects	0	0	0	0
333	Accounts Payable - Other Government	0	0	0	0
341	Tenant Security Deposits	0	0	0	0
342	Deferred Revenues	0	385,743	10,201	0
343	Long-Term Debt-Capital Projects	0	0	0	0
345	Other Current Liabilities	0	0	0	0
347	Interprogram Due To	0	70,167	1,962	5,764
310	<b>Total Current Liabilities</b>	<u>0</u>	<u>606,888</u>	<u>35,490</u>	<u>256,902</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	0	0
353	Non-Current Liabilities - Other	0	0	0	0
350	<b>Total Non-Current Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
300	<b>TOTAL LIABILITIES</b>	0	606,888	35,490	256,902
504	Net PHA HUD Contributions	0	0	180,893	0
507	Other Contributions	0	0	0	0
508	<b>Total Contributed Capital</b>	<u>0</u>	<u>0</u>	<u>180,893</u>	<u>0</u>
512	Retained Earnings	0	(213,195)	314,050	309,013
513	<b>Total Equity</b>	<u>0</u>	<u>(213,195)</u>	<u>494,943</u>	<u>309,013</u>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 0</u>	<u>\$ 393,693</u>	<u>\$ 530,433</u>	<u>\$ 565,915</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2001  
 (CONTINUED)

FDS Line Item No.	Account Description	14.238 Shelter Plus Care	14.856 Section 8 Moderate Rehab OH 018 MR0001	State/ Local	Totals (Memorandum Only)
<b><u>LIABILITIES</u></b>					
311	Bank Overdraft	\$ 7,133	\$ 93,732	\$ 0	\$ 100,865
312	Accounts Payable, <= 90 Days	0	0	0	886,628
321	Accrued Wages/Payroll Taxes	0	0	0	164,466
322	Accrued Compensated Absence	0	36,466	12,628	558,046
325	Accrued Interest Payable	0	0	0	0
331	Accounts Payable - HUD PHA Prog.	0	96,633	0	318,473
332	Accounts Payable - PHA Projects	0	0	0	0
333	Accounts Payable - Other Government	0	0	0	174,896
341	Tenant Security Deposits	0	0	1,255	282,928
342	Deferred Revenues	0	71,576	0	565,641
343	Long-Term Debt-Capital Projects	0	0	0	339,138
345	Other Current Liabilities	0	0	56,287	76,924
347	Interprogram Due To	0	19,193	49,138	146,224
310	<b>Total Current Liabilities</b>	<u>7,133</u>	<u>317,600</u>	<u>119,308</u>	<u>3,614,229</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	0	2,243,719
353	Non-Current Liabilities - Other	0	0	0	0
350	<b>Total Non-Current Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,243,719</u>
300	<b>TOTAL LIABILITIES</b>	7,133	317,600	119,308	5,857,948
504	Net PHA HUD Contributions	0	0	0	73,086,545
507	Other Contributions	0	0	0	0
508	<b>Total Contributed Capital</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>73,086,545</u>
512	Retained Earnings	<u>(7,133)</u>	<u>(236,419)</u>	<u>260,854</u>	<u>3,422,555</u>
513	<b>Total Equity</b>	<u>(7,133)</u>	<u>(236,419)</u>	<u>260,854</u>	<u>76,509,100</u>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 0</u>	<u>\$ 81,181</u>	<u>\$ 380,162</u>	<u>\$ 82,367,048</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2001

FDS Line Item No.	Account Description	14.850 Low Rent Public Housing	14.854 Drug Elimination Program	14.859 Comprehensive Grant Program	14.872 Capital Program
<b>REVENUE</b>					
703	Net Tenant Rental Revenue	\$ 4,308,059	\$ 0	\$ 0	\$ 0
704	Tenant Revenue - Other	0	0	0	0
705	<b>Total Tenant Revenue</b>	<u>4,308,059</u>	<u>0</u>	<u>0</u>	<u>0</u>
706	HUD PHA Grants	3,760,323	695,473	3,428,397	3,130,550
708	Other Government Grants	0	0	0	0
711	Investment Income - Unrestricted	383,122	0	0	0
714	Fraud Recovery	0	0	0	0
715	Other Revenue	44,461	0	0	0
700	<b>Total Revenue</b>	<u>8,495,965</u>	<u>695,473</u>	<u>3,428,397</u>	<u>3,130,550</u>
<b>EXPENSES</b>					
911	Administrative Salaries	1,161,524	0	0	0
912	Auditing Fees	6,100	0	0	0
914	Compensated Absences	0	0	0	0
915	Employee Benefit Contributions - Administrative	575,209	0	0	0
916	Other Operating - Administrative	573,617	97,897	1,482,786	135,164
921	Tenant Services - Salaries	0	0	0	0
922	Relocation Costs	0	0	0	0
924	Tenant Services - Other	23,814	83,059	0	0
931	Water	364,579	0	0	0
932	Electricity	573,933	0	0	0
933	Gas	1,052,069	0	0	0
934	Fuel	0	0	0	0
938	Other Utility Expense	568,519	0	0	0
941	Ordinary Maintenance and Operations-Labor	1,513,205	0	0	0
942	Ordinary Maintenance and Operations-Materials	565,622	0	0	0
943	Ordinary Maintenance and Operations-Contract Costs	1,738,834	0	0	0
945	Employee Benefit Contributions - Ordinary Maintenance	762,487	0	0	0
952	Protective Services	22,602	328,540	0	0
961	Insurance Premiums	214,772	0	0	0
962	Other General Expenses	37,897	185,977	0	0
963	Payments In Lieu of Taxes	174,896	0	0	0
964	Bad Debts - Tenant Rents	184,466	0	0	0
967	Interest Expense	0	0	0	0
968	Severance Expense	0	0	0	0
969	<b>Total Operating Expenses</b>	<u>10,114,145</u>	<u>695,473</u>	<u>1,482,786</u>	<u>135,164</u>
970	Excess Operating Revenues Over Expenses	<u>(1,618,180)</u>	<u>0</u>	<u>1,945,611</u>	<u>2,995,386</u>
<b>OTHER EXPENSES</b>					
971	Extraordinary Maintenance	584,125	0	0	0
972	Casualty Losses-NonCapitalized	40,777	0	0	0
973	Housing Assistance Payments	0	0	0	0
974	Depreciation Expense	4,424,834	0	0	0
900	<b>Total Expenses</b>	<u>15,163,881</u>	<u>695,473</u>	<u>0</u>	<u>135,164</u>
1010	Total Other Financing Sources (Uses)	<u>3,160,052</u>	<u>0</u>	<u>(3,160,052)</u>	<u>0</u>
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>(3,507,864)</u>	<u>0</u>	<u>(1,214,441)</u>	<u>2,995,386</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0
1102	Debt Principal Payments	0	0	0	0
1103	Beginning Equity	73,600,866	0	4,941,993	0
1104	Prior Period Adjustment	(914,901)	0	0	0
<b>ENDING EQUITY</b>		<u>\$ 69,178,101</u>	<u>\$ 0</u>	<u>\$ 3,727,552</u>	<u>\$ 2,995,386</u>

STARK METROPOLITAN HOUSING AUTHORITY  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
FDS SCHEDULE SUBMITTED TO HUD  
PROPRIETARY FUND TYPE - ENTERPRISE FUND  
FOR THE YEAR ENDED MARCH 31, 2001

FDS Line Item No.	Account Description	14.864 Economic Development & Support Services	14.855 Section 8 Housing Choice Vouchers	14.857 Section 8 Rental Certificate Program	14.182 N/C S/R Section 8 Programs
-	<b>REVENUE</b>				
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 0	\$ 0
704	Tenant Revenue - Other	0	0	0	0
705	<b>Total Tenant Revenue</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
706	HUD PHA Grants	167,598	4,115,669	85,287	1,784,319
708	Government Grants	0	0	0	0
711	Investment Income - Unrestricted	0	617	31,490	29,635
714	Fraud Recovery	0	0	0	0
715	Other Revenue	0	0	0	0
700	<b>Total Revenue</b>	<u>167,598</u>	<u>4,116,286</u>	<u>116,777</u>	<u>1,813,954</u>
	<b>EXPENSES</b>				
911	Administrative Salaries	0	303,969	9,753	40,252
912	Auditing Fees	0	1,999	157	588
914	Compensated Absences	0	41,655	2,053	(3,797)
915	Employee Benefit Contributions - Administrative	0	186,810	9,400	12,477
916	Other Operating - Administrative	7,466	28,477	5,557	11,383
921	Tenant Services - Salaries	0	0	0	0
922	Relocation Costs	0	0	0	0
924	Tenant Services - Other	108,861	0	0	0
931	Water	0	0	0	0
932	Electricity	0	0	0	0
933	Gas	0	0	0	0
934	Fuel	0	0	0	0
938	Other Utility Expense	0	0	0	0
941	Ordinary Maintenance and Operations-Labor	0	0	0	0
942	Ordinary Maintenance and Operations-Materials	0	130	0	0
943	Ordinary Maintenance and Operations-Contract Costs	0	0	0	0
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	0	0
952	Protective Services	0	0	0	0
961	Insurance Premiums	0	20,177	12,660	944
962	Other General Expenses	51,271	1,936	0	0
963	Payment in Lieu of Taxes	0	0	0	0
964	Bad Debts - Tenant Rents	0	0	0	0
967	Interest Expense	0	0	0	0
968	Severance Expense	0	0	0	0
969	<b>Total Operating Expenses</b>	<u>167,598</u>	<u>585,153</u>	<u>39,580</u>	<u>61,847</u>
970	Excess Operating Revenues Over Expenses	<u>0</u>	<u>3,531,133</u>	<u>77,197</u>	<u>1,752,107</u>
	<b>OTHER EXPENSES</b>				
971	Extraordinary Maintenance	0	0	0	0
972	Casualty Losses-NonCapitalized	0	0	0	0
973	Housing Assistance Payments	0	3,633,021	74,738	1,694,285
974	Depreciation Expense	0	0	4,018	358
900	<b>Total Expenses</b>	<u>167,598</u>	<u>4,218,174</u>	<u>118,336</u>	<u>1,756,490</u>
1010	Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>0</u>	<u>(101,888)</u>	<u>(1,559)</u>	<u>57,464</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0
1102	Debt Principal Payments	0	0	0	0
1103	Beginning Equity	0	(111,307)	515,533	251,549
1104	Prior Period Adjustment	0	0	(19,031)	0
	<b>ENDING EQUITY</b>	<u>\$ 0</u>	<u>\$ (213,195)</u>	<u>\$ 494,943</u>	<u>\$ 309,013</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2001  
 (CONTINUED)

FDS Line Item No.	Account Description	14.238 Shelter Plus Care	14.856 Section 8 Moderate Rehab OH018 MR0001	State/ Local	Totals ( Memorandum Only)
<b>REVENUE</b>					
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 14,417	\$ 4,322,476
704	Tenant Revenue - Other	0	0	0	0
705	<b>Total Tenant Revenue</b>	<u>0</u>	<u>0</u>	<u>14,417</u>	<u>4,322,476</u>
706	HUD PHA Grants	104,434	1,099,672	0	18,371,722
708	Other Government Grants	0	0	171,450	171,450
711	Investment Income - Unrestricted	0	0	5,069	449,933
714	Fraud Recovery	0	0	0	0
715	Other Revenue	0	0	288,137	332,598
700	<b>Total Revenue</b>	<u>104,434</u>	<u>1,099,672</u>	<u>479,073</u>	<u>23,648,179</u>
<b>EXPENSES</b>					
911	Administrative Salaries	4,250	80,292	49,878	1,649,918
912	Auditing Fees	0	470	0	9,314
914	Compensated Absences	0	11,453	12,579	63,943
915	Employee Benefit Contributions - Administrative	2,445	54,899	42,803	884,043
916	Other Operating - Administrative	39	7,580	193,751	2,543,719
921	Tenant Services - Salaries	0	0	76,313	76,313
922	Relocation Costs	0	0	0	0
924	Tenant Services - Other	0	0	24,761	240,495
931	Water	0	0	497	365,076
932	Electricity	0	0	1,409	575,342
933	Gas	0	0	3,724	1,055,793
934	Fuel	0	0	0	0
938	Other Utility Expense	0	0	263	568,782
941	Ordinary Maintenance and Operations-Labor	0	0	0	1,513,205
942	Ordinary Maintenance and Operations-Materials	0	0	451	566,203
943	Ordinary Maintenance and Operations-Contract Costs	0	0	4,313	1,743,147
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	0	762,487
952	Protective Services	0	0	0	351,142
961	Insurance Premiums	400	10,487	3,548	262,988
962	Other General Expenses	0	0	4,055	281,136
963	Payments in Lieu of Taxes	0	0	0	174,896
964	Bad Debts - Tenant Rents	0	0	0	184,466
967	Interest Expense	0	0	0	0
968	Severance Expense	0	0	0	0
969	<b>Total Operating Expenses</b>	<u>7,134</u>	<u>165,181</u>	<u>418,345</u>	<u>13,872,408</u>
970	Excess Operating Revenues Over Expenses	<u>97,300</u>	<u>934,491</u>	<u>60,728</u>	<u>9,775,771</u>
<b>OTHER EXPENSES</b>					
971	Extraordinary Maintenance	0	0	0	584,125
972	Casualty Losses-NonCapitalized	0	0	0	40,777
973	Housing Assistance Payments	104,434	986,917	0	6,493,395
974	Depreciation Expense	0	0	8,055	4,437,265
900	<b>Total Expenses</b>	<u>111,568</u>	<u>1,152,098</u>	<u>426,400</u>	<u>25,427,970</u>
1010	Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>(7,134)</u>	<u>(52,426)</u>	<u>52,673</u>	<u>(1,779,791)</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	9,950,693
1102	Debt Principal Payments	0	0	0	0
1103	Beginning Equity	1	(179,684)	208,181	79,227,132
1104	Prior Period Adjustment	0	(4,309)	0	(938,241)
	<b>ENDING EQUITY</b>	<u>\$ (7,133)</u>	<u>\$ (236,419)</u>	<u>\$ 260,854</u>	<u>\$ 76,509,100</u>



STARK METROPOLITAN HOUSING AUTHORITY  
 ADDITIONAL FDS SCHEDULE INFORMATION  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2001

FDS Line Item <u>No.</u>	<u>Account Description</u>	14.850 Low Rent Public <u>Housing</u>	Drug Elimination <u>Program</u>	14.852 Comprehensive <u>Grant Program</u>	Economic Development & Support Services <u>Program</u>
1113	Annual Contributions				
	Commitment (per ACC)	\$ 0	\$ 0	\$ 0	\$ 0
1114	Prorata Maximum Annual Contributions Applicable	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	0	0
1116	Total Annual Contributions	0	0	0	0
1120	Unit Months Available	30,600	0	0	0
1121	Number of Unit Months Leased	27,494	0	0	0

STARK METROPOLITAN HOUSING AUTHORITY  
 ADDITIONAL FDS SCHEDULE INFORMATION  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2001  
 (CONTINUED)

FDS Line Item <u>No.</u>	<u>Account Description</u>	14.855 Section 8 Rental Voucher Program	14.857 Section 8 Rental Certificate Program	14.182 N/C S/R Section 8 Program	14.238 Shelter Plus Care
1113	Annual Contributions				
	Commitment (per ACC)	\$ 0	\$ 0	\$ 0	\$ 0
1114	Prorata Maximum Annual Contributions Applicable	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	0	0
1116	Total Annual Contributions	0	0	0	0
1120	Unit Months Available	14,385	327	4,332	0
1121	Number of Unit Months Leased	12,826	292	4,332	0

STARK METROPOLITAN HOUSING AUTHORITY  
 ADDITIONAL FDS SCHEDULE INFORMATION  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2001  
 (CONTINUED)

FDS Line Item <u>No.</u>	<u>Account Description</u>	14.856 Section 8 Moderate Rehab OH018 <u>MR0001</u>	State/ <u>Local</u>	Totals (Memorandum <u>Only</u> )
1113	Annual Contributions			
	Commitment (per ACC)	\$ 0	\$ 0	\$ 0
1114	Prorata Maximum Annual Contributions Applicable	0	0	0
1115	Contingency Reserve, ACC Program Reserve	0	0	0
1116	Total Annual Contributions	0	0	0
1120	Unit Months Available	3,422	0	53,066
1121	Number of Unit Months Leased	2,950	0	47,894

STARK METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2001

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Funds Expended</b>
<b><u>From U.S. Department of HUD</u></b>		
<b><u>Direct Programs</u></b>		
 <i>U.S. Department of HUD</i>		
<b><u>PHA Owned Housing:</u></b>		
Public and Indian Housing Operating Subsidy	14.850	\$ 3,760,323
Comprehensive Grants	14.859	3,428,397
Capital Grants	14.872	3,130,550
Drug Elimination	14.854	695,473
Economic Development	14.864	167,598
Shelter Care Plus	14.238	104,434
 <b><u>Section 8 Cluster Programs:</u></b>		
Housing Assistance Payments:		
Tenant Based - Existing	14.857	85,287
- Vouchers	14.855	4,115,669
Subtotal Section 8 Tenant Based Cluster Programs		4,200,956
 <b><u>Section 8 Project Based Programs:</u></b>		
Project Based - Mod Rehabilitation	14.856	1,099,672
- New Construction	14.182	1,784,319
Subtotal Section 8 Project Based Programs		2,883,991
 <b>Total Section 8 Cluster and Project Based Programs</b>		7,084,947
<b>Total U.S. Department of HUD</b>		18,371,722
 <b>TOTAL ALL PROGRAMS</b>		\$18,371,722

STARK METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION/DEVELOPMENT COST-COMPLETED  
FOR THE TWELVE MONTHS ENDED MARCH 31, 2001

1. The total amount of modernization costs of the comprehensive grant is shown below:

	<u>CGP Project</u> <u>OH12P018706</u>
Funds Approved	\$ 4,220,602
Funds Expended	<u>4,220,602</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u> <u>=====</u>
	 <u>CGP Project</u> <u>OH12PO18707</u>
Funds Approved	\$ 4,514,073
Funds Expended	<u>4,514,073</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u> <u>=====</u>

2. All modernization work in connection with the comprehensive grant has been completed.
3. The entire actual modernization cost or liabilities incurred by the housing authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed expired.

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

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Ohio Society of Certified Public Accountants

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

Board of Directors  
Stark Metropolitan Housing Authority  
Canton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the general purpose financial statements of the Stark Metropolitan Housing Authority as of and for the year ended March 31, 2001, and have issued our report thereon dated August 1, 2001. We conducted our audit in accordance with generally accepted auditing standards 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.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Stark Metropolitan Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State and Federal Award Agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 1, 2001

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James G. Zupka  
Certified Public Accountant

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
5240 East 98<sup>th</sup> Street  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Directors  
Stark Metropolitan Housing Authority  
Canton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the compliance of the Stark Metropolitan Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133* that are applicable to each of its major federal programs for the year ended March 31, 2001. Stark Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to each of its major federal programs is the responsibility of the Stark Metropolitan Housing Authority's compliance based on our audit.

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

In our opinion, Stark Metropolitan Housing Authority 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, 2001.



### **Internal Control Over Compliance**

The management of the Stark Metropolitan Housing Authority 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 our audit, we considered Stark Metropolitan Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, Auditor of State, and Federal Awarding Agencies and is not intended to be sued by anyone other than these specified parties.

August 1, 2001

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James G. Zupka  
Certified Public Accountant

STARK METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
MARCH 31, 2001

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

2000(i)	Type of Financial Statement Opinion	Unqualified
2000(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2000(ii)	Were there any other reportable control weakness conditions reported at the financial statements level (GAGAS)?	No
2000(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2000(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
2000(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
2000(v)	Type of Major Programs' Compliance Opinion	Unqualified
2000(vi)	Are there any reportable findings under .510?	No
2000(vii)	Major Programs (list):	Section 8 Cluster - CFDA #14.182, 14.855, 14.856 & 14.857 Public Housing - CFDA #14.850
2000(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$635,177 Type B: > all others
2000(ix)	Low Risk Auditee?	Yes

STARK METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
(CONTINUED)  
MARCH 31, 2001

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

None.

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

None.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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**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  
DECEMBER 23, 2002**