

**TUSCARAWAS METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE YEAR ENDED  
MARCH 31, 2012**

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





# Dave Yost • Auditor of State

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
134 Second Street SW  
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the Tuscarawas Metropolitan Housing Authority, Tuscarawas County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2011 through March 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Tuscarawas 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

November 29, 2012

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**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE YEAR ENDED MARCH 31, 2012**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited the accompanying financial statements of the Tuscarawas Metropolitan Housing Authority, Ohio as of and for the year ended March 31, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tuscarawas Metropolitan Housing Authority, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Tuscarawas Metropolitan Housing Authority, as of March 31, 2012, and the respective changes in net assets and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 11, 2012, on our consideration of the Tuscarawas Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tuscarawas Metropolitan Housing Authority, Ohio's basic financial statements taken as a whole. The Supplemental Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures 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 Governments and Non-Profit Organizations*, and is also not a required part of the financial statements of the Tuscarawas Metropolitan Housing Authority, Ohio. The Schedule of Expenditures of Federal Awards and the Supplemental Financial Data Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

September 11, 2012



**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2012  
(Unaudited)**

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The Tuscarawas Metropolitan Housing Authority’s (the “Authority”) Management’s Discussion and Analysis is designed to **a)** assist the reader in focusing on significant financial issues, **b)** provide an overview of the Authority’s financial activity, **c)** identify changes in the Authority’s financial position (its ability to address the next and subsequent fiscal year challenges), and **d)** identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Authority’s financial statements, which begin on page 11.

**Financial Highlights**

The current year financial highlights were separated to identify changes in the Tuscarawas Metropolitan Housing Authority and its component units separately.

- During fiscal year 2012, the Authority’s net assets increased by \$55,969 and the component units net assets decreased by \$42,280.
- The Authority’s revenue decreased by \$98,792 and its component unit’s revenue decreased by \$1,176.
- The total expenses of the Authority decreased by \$82,316 and the component unit’s expenses increased by \$3,531.

**Using This Annual Report**

This report includes three major sections, the Management’s Discussion and Analysis (MD&A), the Basic Financial Statements, and Other Required Supplementary Information.

**MD&A**

Management’s Discussion and Analysis

**Basic Financial Statements**

Authority-Wide Financial Statements  
Notes to the Basic Financial Statements

**Other Required Supplementary Information**

Required Supplementary Information - Schedule of Expenditures and Federal Awards

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2012  
(Unaudited)**

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The primary focus of the Authority’s financial statement is on the Authority as a whole (Authority-wide).

**Authority-Wide Financial Statements**

The Authority-wide financial statements on pages 11 through 13 are designed to be corporate-like in that all business-type activities are consolidated into columns, which add to a total for the entire Authority. The financial statements of the Authority include component units which are more fully discussed in the Notes to the Financial Statements.

The statements include a Statement of Net Assets, 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 on 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, formerly equity, 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), grantors, contributors, laws, regulations, etc.
- *Unrestricted Net Assets* Consists of net assets that do not meet the definition of “Net Assets Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Assets”.

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Assets, which is similar to an Income Statement. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenues 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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2012  
(Unaudited)**

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Finally, a Statement of Cash Flows on page 13 is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

**Fund Financial Statements**

The Authority is accounted for using a single enterprise fund. The enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Some of the programs operated by the Authority are required to be reported separately by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**The Authority's Programs**

**Business-Type Program**

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

*Other Programs* In addition to the program above, the Authority also operates the following programs:

- Business Activities - represents non-HUD resources primarily from housing management services.
- Shelter Plus Care Program - provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.
- Community Home Improvement Program - Tuscarawas Metropolitan Housing Authority is under contract with the City of New Philadelphia, the City of Dover and Tuscarawas County to oversee tenant based rental assistance programs.

**Component Units**

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2012  
(Unaudited)**

**Authority-Wide Statements**

The following is a condensed **Statement of Net Assets** compared to the prior year-end. Tuscarawas Metropolitan Housing Authority is engaged only in business-type activities.

**Table 1 - Condensed Statement of Net Assets Compared to Prior Year**

	2012	2011
<b><u>Primary Government</u></b>		
<b><u>Assets</u></b>		
Current Assets	\$ 451,327	\$ 366,204
Capital Assets	313,087	331,229
<b>Total Assets</b>	<b>\$ 764,414</b>	<b>\$ 697,433</b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 46,096	\$ 44,781
Long-term Liabilities	313,730	304,033
<b>Total Liabilities</b>	<b>359,826</b>	<b>348,814</b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Related Debt	65,387	76,629
Restricted Net Assets (Restated)	195,378	105,484
Unrestricted Net Assets (Restated)	143,823	166,506
<b>Total Net Assets</b>	<b>404,588</b>	<b>348,619</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 764,414</b>	<b>\$ 697,433</b>
<b><u>Component Units</u></b>		
<b><u>Assets</u></b>		
Current Assets	\$ 62,171	\$ 65,523
Capital Assets	1,293,781	1,332,149
Noncurrent Assets	10	10
<b>Total Assets</b>	<b>\$ 1,355,962</b>	<b>\$ 1,397,682</b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 63,674	\$ 51,677
Long-Term Liabilities	1,484,387	1,495,824
<b>Total Liabilities</b>	<b>1,548,061</b>	<b>1,547,501</b>
<b><u>Net Assets</u></b>		
Investment in Capital Assets, net of Related Debt	197,957	225,869
Restricted Net Assets	24,905	26,266
Unrestricted Net Assets	(414,961)	(401,954)
<b>Total Net Assets</b>	<b>(192,099)</b>	<b>(149,819)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,355,962</b>	<b>\$ 1,397,682</b>

For more detail information, see Statement of Net Assets presented on page 11.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2012  
(Unaudited)**

**Major Factors Affecting the Statement of Net Assets**

Assets of the Authority increased by \$66,981 and liabilities increased by \$11,012. The increase in assets was mainly due to an increase in cash for housing assistance payments received in excess of expenditure in the housing choice voucher program. Total liabilities increased, mainly due to end of year accrual adjustments.

The Assets of the Authority's component units decreased by \$41,720 and the liabilities increased by \$560. The decrease in assets was due to current year depreciation expense.

Table 2 presents details on the change in Net Assets.

<b>Table 2 - Change in Net Assets</b>			
<b><u>Primary Government</u></b>			
	<u>Invested In Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>
Beginning Balance - March 31, 2011	\$ 76,629	\$ 105,484	\$ 166,506
Results of Operation	0	89,894	(33,925)
Adjustments:			
Current Year Depreciation Expense (1)	(18,142)	0	18,142
Current Year Debt Activities, Net	<u>6,900</u>	<u>0</u>	<u>(6,900)</u>
<b>Ending Balance - March 31, 2012</b>	<b><u>\$ 65,387</u></b>	<b><u>\$ 195,378</u></b>	<b><u>\$ 143,823</u></b>
<b><u>Component Units</u></b>			
	<u>Invested In Capital Assets</u>	<u>Restricted Net Assets</u>	<u>Unrestricted Net Assets</u>
Beginning Balance - March 31, 2011	\$ 225,869	\$ 26,266	\$ (401,954)
Results of Operation	0	(1,361)	(40,919)
Adjustments:			
Current Year Depreciation Expense (1)	(48,795)	0	48,795
Capital Expenditure	10,427	0	(10,427)
Current Year Debt Activities, Net	<u>10,456</u>	<u>0</u>	<u>(10,456)</u>
<b>Ending Balance - March 31, 2012</b>	<b><u>\$ 197,957</u></b>	<b><u>\$ 24,905</u></b>	<b><u>\$ (414,961)</u></b>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net assets.

While the result of operations is 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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2012  
(Unaudited)**

The following schedule reflects the condensed Statement of Revenues, Expenses, and Changes in Net Assets compared to prior year and compares the revenues and expenses for the current and previously fiscal year. The Authority is engaged in only business-type activities.

**Table 3 - Statement of Revenues, Expenses, and Changes in Net Assets**

	2012	2011
<b><u>Primary Government</u></b>		
<b><u>Revenues</u></b>		
Operating Subsidies	\$ 2,533,498	\$ 2,612,394
Investment Income	107	168
Other Revenues	36,402	56,237
<b>Total Revenues</b>	<b><u>2,570,007</u></b>	<b><u>2,668,799</u></b>
<b><u>Expenses</u></b>		
Administrative	286,172	318,718
Tenant Services	36,947	44,723
Utilities	4,897	4,504
Maintenance	1,486	4,335
General and Interest Expenses	50,021	34,772
Housing Assistance Payments	2,116,373	2,172,232
Depreciation	18,142	17,070
<b>Total Expenses</b>	<b><u>2,514,038</u></b>	<b><u>2,596,354</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ 55,969</u></b>	<b><u>\$ 72,445</u></b>
<b><u>Component Units</u></b>		
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 156,068	\$ 157,244
Investment Income	12	12
<b>Total Revenues</b>	<b><u>156,080</u></b>	<b><u>157,256</u></b>
<b><u>Expenses</u></b>		
Administrative	34,077	37,903
Utilities	31,445	31,429
Maintenance	35,611	33,853
General and Interest Expenses	48,432	43,231
Depreciation	48,795	48,413
<b>Total Expenses</b>	<b><u>198,360</u></b>	<b><u>194,829</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ (42,280)</u></b>	<b><u>\$ (37,573)</u></b>

**Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Assets**

The revenue of the Primary Government decreased by \$98,792 for the fiscal year. The decrease was mainly due to change in reporting income from the City and County HOME Program and the end of the Shelter Plus Grant. It was determined by the auditor that the HOME Program and CHIP programs are grants received by the City and County. Tuscarawas Metropolitan Housing Authority relationship with the City and the County is a Contractor/Vendor relationship not a Grantee/Subgrantee. Therefore, the revenue reported on the financial statements represent only the fee earned by the housing authority.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2012  
(Unaudited)**

The component units' revenue decreased by \$1,176 for the fiscal year from tenant revenues.

Total expenses for the Primary Government decreased by \$82,316 for the fiscal year. This decrease was explained in the previous paragraph. The component unit expenses increased for the year by \$3,531.

**Capital Assets**

As of March 31, 2012, the Primary Government had \$313,087 invested in capital assets and the component units had \$1,293,781, as reflected in the following schedule which represents a net decrease (additions, disposals, and depreciation) of \$18,142 for the Authority and \$38,368 for the component units in comparison with prior year.

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

<b><u>Primary Government</u></b>		
	<u>2012</u>	<u>2011</u>
Land and Land Rights	\$ 30,000	\$ 30,000
Buildings and Improvements	446,322	446,322
Equipment	59,922	59,922
Accumulated Depreciation	(223,157)	(205,015)
Total	<u>\$ 313,087</u>	<u>\$ 331,229</u>
<b><u>Component Units</u></b>		
	<u>2012</u>	<u>2011</u>
Land and Land Rights	\$ 100,000	\$ 100,000
Buildings	1,500,048	1,500,048
Equipment	110,446	100,790
Accumulated Depreciation	(416,713)	(368,689)
Total	<u>\$ 1,293,781</u>	<u>\$ 1,332,149</u>

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 21 of the notes.

**Table 5 - Change in Capital Assets**

	<u>Primary Government</u>	<u>Component Units</u>
Beginning Balance - March 31, 2011	\$ 331,229	\$ 1,332,149
Current Year Additions	0	10,427
Current Year Depreciation Expense	(18,142)	(48,795)
Ending Balance - March 31, 2012	<u>\$ 313,087</u>	<u>\$ 1,293,781</u>
Current year additions are summarized as follows:		
- Air Conditioner	\$ 0	\$ 427
- Appliance and Carpet Replacement	0	10,000
Total 2011 Additions	<u>\$ 0</u>	<u>\$ 10,427</u>

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED MARCH 31, 2012  
(Unaudited)**

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**Debt**

The Authority's debt was reduced by \$6,900 and the component unit debt decreased by \$10,456 during fiscal year 2012, a reduction 2.7 percent and .9 percent respectively. The following is a comparison of the debt outstanding at year end 2012 and year end 2011.

**Table 6 - Changes in Debt Outstanding**

	<u>Primary Government</u>	<u>Component Units</u>
Beginning Balance - March 31, 2011	\$ 254,600	\$ 1,106,280
Current Year Principal Payments	<u>(6,900)</u>	<u>(10,456)</u>
Ending Balance - March 31, 2012	<u>\$ 247,700</u>	<u>\$ 1,095,824</u>

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recession, and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies, and other costs.

**Financial Contact**

The individual to be contacted regarding this report is Martin Howell, Executive Director for the Tuscarawas Metropolitan Housing Authority, at (330) 308-8099. Specific requests may be submitted to the Authority at 134 2<sup>nd</sup> Street S.W., New Philadelphia, Ohio 44663.



**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2012**

	Primary Government	Component Units
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 135,805	\$ 15,616
Restricted Cash and Cash Equivalents	253,935	37,084
Receivables, Net	55,205	942
Prepaid Expenses and Other Assets	6,382	8,529
<b>Total Current Assets</b>	<u>451,327</u>	<u>62,171</u>
<b><u>Noncurrent Assets</u></b>		
Capital Assets:		
Non-Depreciable Capital Assets	30,000	100,000
Depreciable Capital Assets, Net	283,087	1,193,781
Total Capital Assets	313,087	1,293,781
Other Noncurrent Assets	0	10
<b>Total Noncurrent Assets</b>	<u>313,087</u>	<u>1,293,791</u>
<b>TOTAL ASSETS</b>	<u>\$ 764,414</u>	<u>\$ 1,355,962</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 2,014	\$ 755
Accrued Liabilities	36,882	3,864
Intergovernmental Payables	0	14,628
Tenant Security Deposits	0	11,588
Other Current Liabilities	0	21,402
Bonds, Notes, and Loans Payable	7,200	11,437
<b>Total Current Liabilities</b>	<u>46,096</u>	<u>63,674</u>
<b><u>Noncurrent Liabilities</u></b>		
Bonds, Notes, and Loans Payable	240,500	1,084,387
Accrued Compensated Absences - Noncurrent	14,673	0
Noncurrent Liabilities - Other	58,557	400,000
<b>Total Noncurrent Liabilities</b>	<u>313,730</u>	<u>1,484,387</u>
<b>Total Liabilities</b>	<u>359,826</u>	<u>1,548,061</u>
<b><u>NET ASSETS</u></b>		
Invested in Capital Assets, Net of Related Debt	65,387	197,957
Restricted Net Assets	195,378	24,905
Unrestricted Net Assets	143,823	(414,961)
<b>Total Net Assets</b>	<u>404,588</u>	<u>(192,099)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 764,414</u>	<u>\$ 1,355,962</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2012**

	<u>Primary Government</u>	<u>Component Units</u>
<b><u>Operating Revenues</u></b>		
Tenant Revenue	\$ 0	\$ 156,068
Government Operating Grants	2,533,498	0
Other Revenue	<u>36,402</u>	<u>0</u>
<b>Total Operating Revenues</b>	<u>2,569,900</u>	<u>156,068</u>
<b><u>Operating Expenses</u></b>		
Administrative	286,172	34,077
Tenant Services	36,947	0
Utilities	4,897	31,445
Maintenance	1,486	35,611
General	38,246	28,321
Housing Assistance Payment	2,116,373	0
Depreciation	<u>18,142</u>	<u>48,795</u>
<b>Total Operating Expenses</b>	<u>2,502,263</u>	<u>178,249</u>
<b>Operating Income (Loss)</b>	<u>67,637</u>	<u>(22,181)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>		
Interest and Investment Revenue	107	12
Interest Expense	<u>(11,775)</u>	<u>(20,111)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(11,668)</u>	<u>(20,099)</u>
<b>Change in Net Assets</b>	55,969	(42,280)
Total Net Assets, Beginning of Year	<u>348,619</u>	<u>(149,819)</u>
<b>Net Assets, End of Year</b>	<u>\$ 404,588</u>	<u>\$ (192,099)</u>

See accompanying notes to the basic financial statements.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2012**

	Primary Government	Component Units
<b><u>Cash Flows from Operating Activities</u></b>		
Operating Grants Received	\$ 2,543,877	\$ 0
Tenant Revenue Received	0	159,375
Other Revenue Received	36,402	0
General and Administrative Expenses Paid	(356,218)	(120,128)
Housing Assistance Payments	<u>(2,116,373)</u>	<u>0</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>107,688</u>	<u>39,247</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Retirement of Debt	(6,900)	(10,456)
Interest Paid on Debt	(11,775)	(20,111)
Property and Equipment Purchased, Net	<u>0</u>	<u>(10,427)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(18,675)</u>	<u>(40,994)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest Earned	<u>107</u>	<u>12</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>107</u>	<u>12</u>
Net Increase (Decrease) in Cash and Cash Equivalents	89,120	(1,735)
Cash and Cash Equivalents, Beginning Of Year	<u>300,620</u>	<u>54,435</u>
<b>Cash and Cash Equivalents, End of the Year</b>	<u>\$ 389,740</u>	<u>\$ 52,700</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>		
Net Operating (Loss)	\$ 67,637	\$ (22,181)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	18,142	48,795
(Increase) Decrease in Accounts Receivable	10,379	3,307
(Increase) Decrease in Prepaid Assets	(6,382)	(1,690)
Increase (Decrease) in Accounts Payable	(1,880)	(12,197)
Increase (Decrease) in Intergovernmental Payable	0	114
Increase (Decrease) in Accrued Payable	2,895	325
Increase (Decrease) in FSS Escrow	14,723	0
Increase (Decrease) in Other Current Liabilities	0	21,402
Increase (Decrease) in Tenant Security Deposits	0	1,372
Increase (Decrease) in Compensated Absence	<u>2,174</u>	<u>0</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 107,688</u>	<u>\$ 39,247</u>

See accompanying notes to the basic financial statements.

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

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

**Summary of Significant Accounting Policies**

The financial statements of the Tuscarawas 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.

**Reporting Entity**

The Tuscarawas Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. 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 subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying 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.

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

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

**Reporting Entity** (Continued)

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.

The accompanying financial statements present the Authority's primary government and the two component units, Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC, which the Authority exercises significant influence.

**Component Units**

The component units are reported in the Authority's financial statements as shown below:

*Discretely Presented Component Unit*

*Brief Description and Relationship*

Tuscarawas Affordable Housing Service Corp.

A not-for-profit (IRS section 501 ( c ) ( 3 ) ) corporation created for the purpose of providing low and moderate income housing. Tuscarawas Metropolitan Housing Authority staff operates and manages the units. Four of the five Board Members are the same for both Agencies.

*Discretely Presented Component Unit*

*Brief Description and Relationship*

Tuscarawas Affordable Housing One, LLC

A limited liability corporation created for the purpose of ownership and management of Clay Village Apartments. Its officers are THMA Executive Director, Assistant Director and one Board Member. Tuscarawas Affordable Housing One, LLC's fiscal is a December 31, year end. The financial statements reflected in this report are for the fiscal year ending December 31, 2011.

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

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

**Basis of Presentation**

The Authority's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

**Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD 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.

**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.

**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. The Authority has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Authority has elected not to follow FASB guidance issued after November 30, 1989.

Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC also use the full accrual basis of accounting.

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

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

**Description of Programs**

The following are the various programs which are included in the single enterprise fund:

A. *Housing Choice Voucher Program*

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

B. *Shelter Plus Care Program*

The Shelter Plus Care Program - provides rental assistance for-hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program.

C. *Business Activities*

Represents non-HUD resources primarily from housing management services.

D. *Component Units*

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

E. *Community Home Improvement Program*

Tuscarawas Metropolitan Housing Authority is under contract with the City of New Philadelphia, the City of Dover and Tuscarawas County to oversee tenant based rental assistance program.

**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 ending March 31, 2012 totaled \$107. The interest income earned by Component Units for the fiscal year ending December 31, 2011 totaled \$12.

**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 \$1,000 or more per unit. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

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

**Capital Assets** (Continued)

Buildings	30 years
Building Improvements	10 years
Furniture, Equipment and Machinery	3-7 years

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets - net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

**Operating Revenues and Expenses**

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

**Capital Contributions**

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

**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.

**Restricted Cash**

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

	<u>Primary Government</u>	<u>Component Units</u>
FSS Escrow Funds held for Tenants	\$ 58,557	\$ 0
Reserve for Taxes and Insurance	0	4,807
Reserve for Replacements	0	20,098
Tenant Security Deposit	0	12,179
Cash on Hand Advances from HUD to be used For Tenants Housing Assistance Payments	<u>195,378</u>	<u>0</u>
Total Restricted Cash	<u>\$ 253,935</u>	<u>\$ 37,084</u>



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

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

**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.

**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 basic 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**

**Deposits**

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

- A. 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.

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

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

**Deposits** (Continued)

- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two periods of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. 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 end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year ended March 31, 2012, the carrying amount of the Authority's deposits totaled \$389,740 and its bank balance was \$393,259. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of March 31, 2012, all deposits were covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**Component Unit**

The carrying amount of the Component Unit deposits was \$52,700 at March 31, 2012. It includes savings accounts and all certificates of deposit with original maturities of three months or less.

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

**NOTE 3: RISK MANAGEMENT**

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

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

**NOTE 4: CAPITAL ASSETS**

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

	Primary Government			
	Balance March 31, 2011	Additions	Deletions	Balance March 31, 2012
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 30,000	\$ 0	\$ 0	\$ 30,000
<b>Total Capital Assets Not Being Depreciated:</b>	30,000	0	0	30,000
<b>Capital Assets Being Depreciated:</b>				
Buildings	437,765	0	0	437,765
Furniture, Machinery and Equipment	59,922	0	0	59,922
Leasehold Improvements	8,557	0	0	8,557
<b>Total Capital Assets Being Depreciated</b>	506,244	0	0	506,244
Accumulated Depreciation:				
Buildings	(146,174)	(16,215)	0	(162,389)
Furniture, Machinery and Equipment	(52,422)	(1,071)	0	(53,493)
Leasehold Improvements	(6,419)	(856)	0	(7,275)
<b>Total Accumulated Depreciation</b>	(205,015)	(18,142)	0	(223,157)
<b>Total Capital Assets Being Depreciated, Net</b>	301,229	(18,142)	0	283,087
<b>Total Capital Assets, Net</b>	\$ 331,229	\$ (18,142)	\$ 0	\$ 313,087
	Component Unit			
	Balance 01/01/11	Additions	Deletions	Balance 12/31/11
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 100,000	\$ 0	\$ 0	\$ 100,000
<b>Total Capital Assets Not Being Depreciated</b>	100,000	0	0	100,000
<b>Capital Assets Being Depreciated:</b>				
Buildings	1,500,048	0	0	1,500,048
Furniture, Machinery, and Equipment	100,790	10,427	(771)	110,446
<b>Total Capital Assets Being Depreciated</b>	1,600,838	10,427	(771)	1,610,494
Accumulated Depreciation	(368,689)	(48,795)	771	(416,713)
<b>Total Capital Assets Being Depreciated, Net</b>	1,232,149	(38,368)	0	1,193,781
<b>Total Capital Assets, Net</b>	\$ 1,332,149	\$ (38,368)	\$ 0	\$ 1,293,781

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

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NOTE 5: **DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

All full-time Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - A cost sharing, multiple-employer defined benefit pension plan.
- The Member-Direct Plan (MD) - A benefit contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings.
- The Combined Plan (CO) - A cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit 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 provides retirement, disability, survivor, death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at [www.opers.org](http://www.opers.org).

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012 and 2011, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14.00 percent of covered payroll. The Authority's required contributions to OPERS for the years ended March 31, 2012, 2011 and 2010 were \$27,393, \$28,845, and \$27,660, respectively. The full amount has been contributed for all three years.

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

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**NOTE 6: POST-EMPLOYMENT BENEFITS**

**Plan Description**

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

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

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

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

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

**Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012 and 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.

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

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NOTE 6: **POST-EMPLOYMENT BENEFITS** (Continued)

**Funding Policy** (Continued)

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 2012 and 2011, employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent from April 1, 2011 through March 31, 2012.

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, 2012, 2011, and 2010 which were used to fund post-employment benefits were \$7,827, \$9,750, and \$10,788, respectively.

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

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

**NOTE 7: LONG-TERM OBLIGATIONS**

**Tuscarawas Metropolitan Housing Authority (Primary Government)**

In the fiscal year ending March 31, 2003, the Authority issued a \$300,000 mortgage revenue bond, for a 30 year period, series 2002, for the purpose of paying part of the cost of a construction of an office addition to the administration building. In addition the bonds issued were also used to refinance the existing mortgage loan of \$89,974 for the purchase of the administration building. The outstanding principal amount shall bear interest at the rate of 4.625 percent, calculated on a basis of actual number of days and a 365 day year.

The project was fully completed in February 2004 and the loan commenced on November 1, 2003.

The following is a summary of changes in long-term obligations debt for the year ended March 31, 2012:

<u>Description</u>	<u>Balance</u> <u>03/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>03/31/12</u>	<u>Due Within</u> <u>One Year</u>
Mortgage Payable	\$ 254,600	\$ 0	\$ 6,900	\$ 247,700	\$ 7,200
Compensated Absences	35,692	20,309	15,451	40,550	25,877
Total Primary Government	<u>\$ 290,292</u>	<u>\$ 20,309</u>	<u>\$ 22,351</u>	<u>\$ 288,250</u>	<u>\$ 33,077</u>

Debt maturities are as follows:

<u>Period</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 7,200	\$ 11,417	\$ 18,617
2013	7,600	11,017	18,617
2014	7,900	10,717	18,617
2015	8,300	10,317	18,617
2016	8,600	10,017	18,617
2017-2021	49,800	43,285	93,085
2022-2026	62,300	30,785	93,085
2027-2031	78,100	14,985	93,085
2032	<u>17,900</u>	<u>717</u>	<u>18,617</u>
Total	<u>\$ 247,700</u>	<u>\$ 143,257</u>	<u>\$ 390,957</u>

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

NOTE 7: **LONG-TERM OBLIGATIONS** (Continued)

**Tuscarawas Affordable Housing One, LLC (Component Unit)**

On December 9, 2002, Tuscarawas Affordable Housing One, LLC assumed an outstanding loan balance of \$1,163,986 from an original loan of \$1,197,000 from Clay Village, Ltd. Partnership for the purchase of Clay Village Apartment building.

The mortgage note is collateralized by the land, building and improvements, equipment and furnishings. The note bears interest at the rate of 9 percent per annum. Principal and interest are payable in monthly installments of \$9,132 reduced to \$2,554 (effective 1 percent interest rate) by USDA - Rural Development interest subsidy program through 2037. The mortgage liability is limited to the underlying value of the collateral pledged.

Under the loan agreement with USDA - Rural Development, the project is required to make monthly reserve for replacement deposits, and is subject to operating and returns to owner restrictions.

The following is a summary of debt maturity for the next five years as reported on the Tuscarawas Affordable Housing One, LLC audit report:

<u>Year</u>	<u>Amount</u>
2012	\$ 11,437
2013	12,510
2014	13,683
2015	14,967
2016	16,371
Thereafter	<u>1,026,856</u>
Total	<u>\$ 1,095,824</u>

NOTE 8: **NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

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



**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2012**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
Housing Choice Voucher Program	14.871	\$ 2,519,423
Shelter Plus Care Program	14.238	<u>14,075</u>
<b>Total Direct Awards</b>		<u>2,533,498</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>2,533,498</u>
<b>Total Federal Awards Expenditures</b>		<u>\$ 2,533,498</u>

This schedule is prepared on the accrual basis of accounting.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NEW PHILADELPHIA, OH  
ENTITY WIDE BALANCE SHEET SUMMARY  
MARCH 31, 2012**

	Housing Choice Vouchers	Component Units	Business Activities	Shelter Plus Care	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$130,760	\$15,616	\$5,045		\$151,421		\$151,421
113 Cash - Other Restricted	\$253,935	\$24,905			\$278,840		\$278,840
114 Cash - Tenant Security Deposits		\$12,179			\$12,179		\$12,179
<b>100 Total Cash</b>	<b>\$384,695</b>	<b>\$52,700</b>	<b>\$5,045</b>	<b>\$0</b>	<b>\$442,440</b>	<b>\$0</b>	<b>\$442,440</b>
124 Accounts Receivable - Other Government			\$26,921		\$26,921		\$26,921
125 Accounts Receivable - Miscellaneous			\$15,786		\$15,786		\$15,786
126 Accounts Receivable - Tenants		\$942			\$942		\$942
128 Fraud Recovery	\$30,150				\$30,150		\$30,150
128.1 Allowance for Doubtful Accounts - Fraud	(\$17,652)				(\$17,652)		(\$17,652)
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>\$12,498</b>	<b>\$942</b>	<b>\$42,707</b>	<b>\$0</b>	<b>\$56,147</b>	<b>\$0</b>	<b>\$56,147</b>
142 Prepaid Expenses and Other Assets	\$6,382	\$8,529			\$14,911		\$14,911
144 Inter Program Due From	\$12,812				\$12,812	(\$12,812)	\$0
<b>150 Total Current Assets</b>	<b>\$416,387</b>	<b>\$62,171</b>	<b>\$47,752</b>	<b>\$0</b>	<b>\$526,310</b>	<b>(\$12,812)</b>	<b>\$513,498</b>
161 Land	\$30,000	\$100,000			\$130,000		\$130,000
162 Buildings	\$437,765	\$1,500,048			\$1,937,813		\$1,937,813
164 Furniture, Equipment & Machinery - Administration	\$59,922	\$110,446			\$170,368		\$170,368
165 Leasehold Improvements	\$8,557				\$8,557		\$8,557
166 Accumulated Depreciation	(\$223,157)	(\$416,713)			(\$639,870)		(\$639,870)
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$313,087</b>	<b>\$1,293,781</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,606,868</b>	<b>\$0</b>	<b>\$1,606,868</b>
174 Other Assets		\$10			\$10		\$10
<b>180 Total Non-Current Assets</b>	<b>\$313,087</b>	<b>\$1,293,791</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,606,878</b>	<b>\$0</b>	<b>\$1,606,878</b>
<b>190 Total Assets</b>	<b>\$729,474</b>	<b>\$1,355,962</b>	<b>\$47,752</b>	<b>\$0</b>	<b>\$2,133,188</b>	<b>(\$12,812)</b>	<b>\$2,120,376</b>

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NEW PHILADELPHIA, OH  
ENTITY WIDE BALANCE SHEET SUMMARY  
MARCH 31, 2012**

	Housing Choice Vouchers	Component Units	Business Activities	Shelter Plus Care	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$2,014	\$755			\$2,769		\$2,769
321 Accrued Wage/Payroll Taxes Payable	\$11,005	\$2,225			\$13,230		\$13,230
322 Accrued Compensated Absences- Current Portion	\$25,877				\$25,877		\$25,877
325 Accrued Interest Payable		\$1,639			\$1,639		\$1,639
333 Accounts Payable - Other Government		\$14,628			\$14,628		\$14,628
341 Tenant Security Deposits		\$11,588			\$11,588		\$11,588
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$7,200	\$11,437			\$18,637		\$18,637
345 Other Current Liabilities		\$21,402			\$21,402		\$21,402
347 Inter Program - Due To			\$12,812		\$12,812	(\$12,812)	\$0
<b>310 Total Current Liabilities</b>	<b>\$46,096</b>	<b>\$63,674</b>	<b>\$12,812</b>	<b>\$0</b>	<b>\$122,582</b>	<b>(\$12,812)</b>	<b>\$109,770</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$240,500	\$1,084,387			\$1,324,887		\$1,324,887
353 Non-current Liabilities - Other	\$58,557	\$400,000			\$458,557		\$458,557
354 Accrued Compensated Absences- Non Current	\$14,673				\$14,673		\$14,673
<b>350 Total Non-Current Liabilities</b>	<b>\$313,730</b>	<b>\$1,484,387</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,798,117</b>	<b>\$0</b>	<b>\$1,798,117</b>
<b>300 Total Liabilities</b>	<b>\$359,826</b>	<b>\$1,548,061</b>	<b>\$12,812</b>	<b>\$0</b>	<b>\$1,920,699</b>	<b>(\$12,812)</b>	<b>\$1,907,887</b>
508.1 Invested In Capital Assets, Net of Related Debt	\$65,387	\$197,957			\$263,344		\$263,344
511.1 Restricted Net Assets	\$195,378	\$24,905			\$220,283		\$220,283
512.1 Unrestricted Net Assets	\$108,883	(\$414,961)	\$34,940	\$0	(\$271,138)		(\$271,138)
<b>513 Total Equity/Net Assets</b>	<b>\$369,648</b>	<b>(\$192,099)</b>	<b>\$34,940</b>	<b>\$0</b>	<b>\$212,489</b>	<b>\$0</b>	<b>\$212,489</b>
<b>600 Total Liabilities and Equity/Net Assets</b>	<b>\$729,474</b>	<b>\$1,355,962</b>	<b>\$47,752</b>	<b>\$0</b>	<b>\$2,133,188</b>	<b>(\$12,812)</b>	<b>\$2,120,376</b>

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NEW PHILADELPHIA, OH  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED MARCH 31, 2012**

	Housing Choice Vouchers	Component Units	Business Activities	Shelter Plus Care	Sub total	ELIM	Total
70300 Net Tenant Rental Revenue		\$144,643			\$144,643		\$144,643
70400 Tenant Revenue - Other		\$11,425			\$11,425		\$11,425
<b>70500 Total Tenant Revenue</b>	\$0	\$156,068	\$0	\$0	\$156,068		\$156,068
70600 HUD PHA Operating Grants	\$2,519,423			\$14,075	\$2,533,498		\$2,533,498
70800 Other Government Grants	\$0				\$0		\$0
71100 Investment Income - Unrestricted	\$107	\$12			\$119		\$119
71400 Fraud Recovery	\$9,958				\$9,958		\$9,958
71500 Other Revenue	\$13,401		\$13,043		\$26,444		\$26,444
<b>70000 Total Revenue</b>	\$2,542,889	\$156,080	\$13,043	\$14,075	\$2,726,087		\$2,726,087
91100 Administrative Salaries	\$144,272	\$11,969	\$6,440	\$661	\$163,342		\$163,342
91200 Auditing Fees	\$8,069	\$2,600			\$10,669		\$10,669
91400 Advertising and Marketing	\$227				\$227		\$227
91500 Employee Benefit contributions - Administrative	\$79,496				\$79,496		\$79,496
91600 Office Expenses	\$19,729				\$19,729		\$19,729
91700 Legal Expense		\$1,298			\$1,298		\$1,298
91800 Travel	\$5,813				\$5,813		\$5,813
91900 Other	\$16,645	\$18,210	\$4,820		\$39,675		\$39,675
<b>91000 Total Operating - Administrative</b>	\$274,251	\$34,077	\$11,260	\$661	\$320,249		\$320,249
92100 Tenant Services - Salaries	\$29,456				\$29,456		\$29,456
92300 Employee Benefit Contributions - Tenant Services	\$7,491				\$7,491		\$7,491
<b>92500 Total Tenant Services</b>	\$36,947	\$0	\$0	\$0	\$36,947		\$36,947
93100 Water	\$480	\$23,534			\$24,014		\$24,014
93200 Electricity	\$3,331	\$7,911			\$11,242		\$11,242
93300 Gas	\$1,086				\$1,086		\$1,086
<b>93000 Total Utilities</b>	\$4,897	\$31,445	\$0	\$0	\$36,342		\$36,342
94100 Ordinary Maintenance and Operations - Labor		\$16,738			\$16,738		\$16,738
94200 Ordinary Maintenance and Operations - Materials and Other		\$11,616			\$11,616		\$11,616
94300 Ordinary Maintenance and Operations Contracts	\$1,486	\$7,257			\$8,743		\$8,743
<b>94000 Total Maintenance</b>	\$1,486	\$35,611	\$0	\$0	\$37,097		\$37,097



**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
NEW PHILADELPHIA, OH  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED MARCH 31, 2012**

	Housing Choice Vouchers	Component Units	Business Activities	Shelter Plus Care	Subtotal	ELIM	Total
96120 Liability Insurance	\$3,202				\$3,202		\$3,202
96130 Workmen's Compensation	\$3,205				\$3,205		\$3,205
96140 All Other Insurance		\$7,614			\$7,614		\$7,614
<b>96100 Total insurance Premiums</b>	<b>\$6,407</b>	<b>\$7,614</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,021</b>		<b>\$14,021</b>
96210 Compensated Absences	\$20,309				\$20,309		\$20,309
96300 Payments in Lieu of Taxes		\$14,604			\$14,604		\$14,604
96400 Bad debt - Tenant Rents		\$6,103			\$6,103		\$6,103
96600 Bad debt - Other	\$11,530				\$11,530		\$11,530
<b>96000 Total Other General Expenses</b>	<b>\$31,839</b>	<b>\$20,707</b>	<b>\$0</b>	<b>\$0</b>	<b>\$52,546</b>		<b>\$52,546</b>
96710 Interest of Mortgage (or Bonds) Payable	\$11,775	\$20,111			\$31,886		\$31,886
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>\$11,775</b>	<b>\$20,111</b>	<b>\$0</b>	<b>\$0</b>	<b>\$31,886</b>		<b>\$31,886</b>
<b>96900 Total Operating Expenses</b>	<b>\$367,602</b>	<b>\$149,565</b>	<b>\$11,260</b>	<b>\$661</b>	<b>\$529,088</b>		<b>\$529,088</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>\$2,175,287</b>	<b>\$6,515</b>	<b>\$1,783</b>	<b>\$13,414</b>	<b>\$2,196,999</b>		<b>\$2,196,999</b>
97300 Housing Assistance Payments	\$2,102,048	\$0		\$14,325	\$2,116,373		\$2,116,373
97400 Depreciation Expense	\$18,142	\$48,795	\$0	\$0	\$66,937		\$66,937
<b>90000 Total Expenses</b>	<b>\$2,487,792</b>	<b>\$198,360</b>	<b>\$11,260</b>	<b>\$14,986</b>	<b>\$2,712,398</b>		<b>\$2,712,398</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>\$55,097</b>	<b>(\$42,280)</b>	<b>\$1,783</b>	<b>(\$911)</b>	<b>\$13,689</b>		<b>\$13,689</b>
11020 Required Annual Debt Principal Payments	\$7,200	\$11,437	\$0	\$0	\$18,637		\$18,637
11030 Beginning Equity	\$314,551	(\$149,819)	\$33,157	\$911	\$198,800		\$198,800
11170 Administrative Fee Equity	\$174,270				\$174,270		\$174,270
11180 Housing Assistance Payments Equity	\$195,378				\$195,378		\$195,378
11190 Unit Months Available	\$6,888	\$480	\$167	\$284	\$7,819		\$7,819
11210 Number of Unit Months Leased	\$6,709	\$428	\$167	\$284	\$7,588		\$7,588

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

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

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

Regional Inspector General for Audit  
Department of Housing and Urban  
Development

We have audited the basic financial statements of the Tuscarawas Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2012, and have issued our report thereon dated September 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Tuscarawas Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Tuscarawas Metropolitan Housing Authority, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tuscarawas Metropolitan Housing Authority, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tuscarawas Metropolitan Housing Authority, Ohio'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

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



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

September 11, 2012

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Directors  
Tuscarawas Metropolitan Housing Authority  
New Philadelphia, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Compliance**

We have audited the Tuscarawas Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Tuscarawas Metropolitan Housing Authority's major federal programs for the year ended March 31, 2012. The Tuscarawas Metropolitan Housing Authority, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Tuscarawas Metropolitan Housing Authority, Ohio's management. Our responsibility is to express an opinion on the Tuscarawas Metropolitan Housing Authority, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Tuscarawas Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Tuscarawas Metropolitan Housing Authority, Ohio's compliance with those requirements.

In our opinion, the Tuscarawas Metropolitan Housing Authority, Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2012.




### **Internal Control Over Compliance**

The management of the Tuscarawas 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 our audit, we considered the Tuscarawas Metropolitan Housing Authority, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Tuscarawas Metropolitan Housing Authority, Ohio's internal control over compliance.

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

Our consideration of the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

  
James G. Zupka CPA, Inc.  
Certified Public Accountants

September 11, 2012

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
MARCH 31, 2012**

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**1. SUMMARY OF AUDITOR’S RESULTS**

2012(i)	Type of Financial Statement Opinion	Unqualified
2012(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2012(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2012(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2012(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2012(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2012(v)	Type of Major Programs’ Compliance Opinion	Unqualified
2012(vi)	Are there any reportable findings under .510?	No
2012(vii)	Major Programs (list):  Housing Choice Voucher Program - CFDA #14.871	
2012(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2012(ix)	Low Risk Auditee?	Yes

**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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR YEAR FINDINGS  
MARCH 31, 2012**

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The audit report for the prior year ended March 31, 2011 contained no findings or citations. Management letter comments were corrected in 2012.

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# Dave Yost • Auditor of State

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY**

**TUSCARAWAS 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 11, 2012**