

**STARK METROPOLITAN HOUSING AUTHORITY**

**AUDIT REPORT**

**FOR THE YEAR ENDED MARCH 31, 2002**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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, 2001 to March 31, 2002. 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

December 5, 2002

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STARK METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED MARCH 31, 2002

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**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
*5240 East 98<sup>th</sup> Street*  
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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, 2002, 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, 2002, and the results of its operations and the cash flows of its proprietary fund activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1(c), the Authority's financial statements include the financial data of two component units, one of which is the Freed Housing Corporation. This Corporation's financial data was included in the audit report for the period ended March 31, 2001 but was blended with the Authority's other financial data. The Freed Housing Corporation is being discretely presented as a component unit for the period ending March 31, 2002 which is a change in reporting.

In accordance with Government Auditing Standards, we have also issued a report dated October 2, 2002 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) and the Statement of Modernization/Development Cost Completed are 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.

October 2, 2002

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James G. Zupka  
Certified Public Accountant



STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINED BALANCE SHEET  
 PROPRIETARY FUND TYPE  
 DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED MARCH 31, 2002

	Primary Government	Component Units	Total Memorandum (Only)
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 321,378	\$ 53,000	\$ 374,378
Accounts Receivable - Net of Allowance	554,660	28,752	583,412
Inventories - Net of Allowance	428,644	0	428,644
Investments	7,308,000	555,119	7,863,119
Interprogram Due From	399,137	0	399,137
Prepaid Expenses	127,245	1,533	128,778
Total Current Assets	9,139,064	638,404	9,777,468
Fixed Assets - Net of Accumulated Depreciation	76,207,947	411,462	76,619,409
Notes Receivable - Non Current	2,109,530	0	2,109,530
Total Non-Current Assets	78,317,477	411,462	78,728,939
<b>Total Assets</b>	<b>\$ 87,456,541</b>	<b>\$1,049,866</b>	<b>\$ 88,506,407</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Current Liabilities:			
Accounts Payable	\$ 853,841	\$ 1,319	\$ 855,160
Interprogram Due To	399,137	0	399,137
Current Portion of Long-Term Debt	399,568	0	399,568
Intergovernmental Payable	593,491	0	593,491
Accrued Wages and Payroll Taxes	166,218	0	166,218
Deferred Credits and Other Liabilities	1,296,596	602,821	1,899,417
Total Current Liabilities	3,708,851	604,140	4,312,991
Non-Current Liabilities:			
Long-Term Debt Net of Current	1,765,832	291,823	2,057,655
Other Long-Term Liabilities - Compensated Absences	580,160	0	580,160
Total Non-Current Liabilities	2,345,992	291,823	2,637,815
<b>Total Liabilities</b>	<b>6,054,843</b>	<b>895,963</b>	<b>6,950,806</b>
<b><u>FUND EQUITY</u></b>			
Contributed Capital	69,178,101	0	69,178,101
Retained Earnings - Unreserved	12,223,597	153,903	12,377,500
<b>Total Fund Equity</b>	<b>81,401,698</b>	<b>153,903</b>	<b>81,555,601</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 87,456,541</b>	<b>\$1,049,866</b>	<b>\$ 88,506,407</b>

See accompanying notes to the general purpose financial statements.

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY  
 PROPRIETARY FUND TYPE  
 DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED MARCH 31, 2002

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total Memorandum (Only)</u>
<b><u>REVENUE</u></b>			
Program Operating Grants/Subsidies	\$ 20,109,963	\$ 0	\$ 20,109,963
Tenant Revenues	4,381,245	33,119	4,414,364
Intergovernmental	545,385	0	545,385
Interest	97,152	7,997	105,149
Other Income	1,064,578	92,733	1,157,311
<b>Total Revenue</b>	<u>26,198,323</u>	<u>133,849</u>	<u>26,332,172</u>
<b><u>EXPENSES</u></b>			
Administrative	6,005,720	71,816	6,077,536
Tenant Services	280,377	0	280,377
Utilities Expenses	2,482,601	4,725	2,487,326
Ordinary Maintenance Operation	4,410,195	16,926	4,427,121
Protective Services	273,901	0	273,901
General	686,320	9,558	695,878
Housing Assistance Expenses	7,169,614	0	7,169,614
Depreciation	4,204,358	7,271	4,211,629
Other Expenses	210,088	0	210,088
<b>Total Expenses</b>	<u>25,723,174</u>	<u>110,296</u>	<u>25,833,470</u>
Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	475,149	23,553	498,702
Beginning Equity	76,509,100	0	76,509,100
Prior Period Adjustments	4,417,449	130,350	4,547,799
<b>ENDING FUND EQUITY</b>	<u><u>\$ 81,401,698</u></u>	<u><u>\$ 153,903</u></u>	<u><u>\$ 81,555,601</u></u>

See accompanying notes to the general purpose financial statements.

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 ENTERPRISE FUND  
 DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED MARCH 31, 2002

	Primary Government	Component Units	Total Memorandum (Only)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Net Operating Income/(Loss)	\$ 475,149	\$ 23,553	\$ 498,702
Adjustment to Reconcile Operating Income to Net Cash Used by Operating Activities:			
Depreciation	4,204,358	7,271	4,211,629
(Increases) Decreases in Accounts Receivable	609,943	(28,752)	581,191
(Increases) Decreases in Inventory	(10,969)	0	(10,969)
Increases (Decreases) Other Assets	91,515	(1,533)	89,982
Increases (Decreases) Accounts Payable	(133,652)	1,319	(132,333)
Increases (Decreases) Accrued Compensated Absences	22,114	0	22,114
Increases (Decreases) Accrued Wages and Payroll Taxes	1,752	0	1,752
Increases (Decreases) Deferred Credits	457,774	602,821	1,060,595
Increases (Decreases) Intergovernmental Payable	275,018	0	275,018
Total Adjustments	<u>5,517,853</u>	<u>581,126</u>	<u>6,098,979</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>5,993,002</u>	<u>604,679</u>	<u>6,597,681</u>
<b><u>CASH FLOWS FROM CAPITAL AND INVESTING ACTIVITIES:</u></b>			
Purchase of Investments	(999,673)	(555,119)	(1,554,792)
Purchases of Property and Equipment	(4,730,505)	(418,733)	(5,149,238)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(5,730,178)</u>	<u>(973,852)</u>	<u>(6,704,030)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Note Payments	(417,457)	(287)	(417,744)
Note Proceeds	0	292,110	292,110
Contributions	0	130,350	130,350
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(417,457)</u>	<u>422,173</u>	<u>4,716</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(154,633)</u>	<u>53,000</u>	<u>(101,633)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>476,011</u>	<u>0</u>	<u>476,011</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 321,378</u>	<u>\$ 53,000</u>	<u>\$ 374,378</u>

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, 2002

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

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

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

**B. Summary of Significant Accounting Policies**

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

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2002  
(CONTINUED)

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

C. **Reporting Entity**

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

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

***Discretely Presented Component Units***

The component units column in the combined financial statements identifies the financial data of the Authority's two component units, the Freed Housing Corporation and the Stark Metropolitan Housing Authority Credit Union. They are reported separately to emphasize that it is legally separate from the Authority.

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

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2002  
(CONTINUED)

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

C. **Reporting Entity** (Continued)

**Discretely Presented Component Units** (Continued)

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

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

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, 2002  
(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 2002 totaled \$105,149.

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, 2002  
(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, 2002  
(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**

**A. Primary Government**

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 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, 2002  
(CONTINUED)

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

A. **Primary Government** (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 \$7,629,378 and the bank balance was \$7,723,100, the difference representing outstanding checks and other in-transit items. Of the bank balance, \$118,366 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.

Stark Metropolitan Housing Authority's investments consist of negotiable certificates of deposit and therefore under GASB No. 3 do not qualify as investments.

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

<u>GASB Statement No. 9</u>	
Cash and cash equivalents	\$ 321,378
Investments	7,308,000
Total	\$ 7,629,378
 <u>GASB Statement No. 3</u>	
Carrying amount of deposits	\$ 7,629,378
Carrying amount of investments	0
Total	\$ 7,629,378

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2002  
(CONTINUED)

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

**B. Component Unit**

At year end, the carrying amount of the component units deposits were \$53,000 which was also the bank balance. The entire balance was covered by FDIC insurance. Investments of the component unit consisted of money market funds at a local financial institution. Of these funds, \$95,460 was covered by FDIC insurance and the balance is covered by a pledged collateral pool.

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:

	<b><u>Deductible</u></b>	<b><u>Coverage Limits</u></b>
Property	\$ 5,000	\$ 112,097,531 (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:

	<b><u>Primary Government</u></b>	<b><u>Component Units</u></b>	<b><u>Totals</u></b>
Land	\$ 16,671,016	\$ 104,949	\$ 16,775,965
Buildings	102,238,698	294,755	102,533,453
Construction in Progress	5,200,260	0	5,200,260
Furniture and Equipment - Dwellings	1,155,452	0	1,155,452
Furniture and Equipment - Administrative	2,120,566	19,029	2,139,595
Subtotal	127,385,992	418,733	127,804,725
Accumulated Depreciation	(51,178,045)	(7,271)	(51,185,316)
<b>Net Fixed Assets</b>	<b>\$ 76,207,947</b>	<b>\$ 411,462</b>	<b>\$ 76,619,409</b>

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2002  
(CONTINUED)

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

The following is a summary of changes:

	<b><u>Primary Government</u></b>			Balance March 31, 2002
	Balance April 1, 2001	Additions	Deletions	
Land	\$ 15,950,474	\$ 720,542	\$ 0	\$ 16,671,016
Buildings	97,035,783	5,202,915	0	102,238,698
Construction in Progress	6,722,938	2,204,873	(3,727,551)	5,200,260
Furniture and Equipment - Dwellings	1,155,452	0	0	1,155,452
Furniture and Equipment - Administrative	1,790,840	329,726	0	2,120,566
Total Fixed Assets	122,655,487	8,458,056	(3,727,551)	127,385,992
Less Accumulated Depreciation	(46,989,345)	(4,204,358)	15,658	(51,178,045)
<b>Net Fixed Assets</b>	<b>\$ 75,666,142</b>			<b>\$ 76,207,947</b>

	<b><u>Component Units</u></b>			Balance March 31, 2002
	Balance April 1, 2001	Additions	Deletions	
Land	\$ 0	\$ 104,949	\$ 0	\$ 104,949
Building	0	294,755	0	294,755
Furniture and Equipment	0	19,029	0	19,029
Total Fixed Assets	0	418,733	0	418,733
Less Accumulated Depreciation	0	(7,271)	0	(7,271)
<b>Net Fixed Assets</b>	<b>\$ 0</b>	<b>\$ 411,462</b>	<b>\$ 0</b>	<b>\$ 411,462</b>

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*.

STARK METROPOLITAN HOUSING AUTHORITY  
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NOTE 6. **DEFINED BENEFIT PENSION PLANS** (CONTINUED)

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

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 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 2001 employer contribution rate for local government employer units was 13.55 percent of covered payroll, 9.25 percent to fund the pension and 4.3 percent to fund health care. The 2000 and 1999 employer contribution rates were 10.84 and 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 contributions to the PERS of Ohio for the years ending March 31, 2002, 2001, and 2000 were \$950,815, \$919,196, and \$881,128, 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.

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)

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

**B. Other Postemployment Benefits**

Public Employees Retirement System of Ohio provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units the rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for the year.

A portion of each employer's contribution to PERS is set aside for funding of postretirement healthcare. The ORC provides statutory authority requiring public employers to fund postretirement healthcare through their contributions to PERS. The portion of the employer contribution rate used to fund healthcare was 5.11 percent of covered payroll in each year prior to January 1, 1998. During 1997, PERS adopted a new calculation methodology for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998 employer contributions equal to 4.3 percent of member covered payroll are set aside to fund healthcare expenses. Under the prior method, which was actuarially based, accrued liabilities and normal cost rates were computed to determine the amount of employer contributions necessary to fund OPEB. The Authority's total contributions to PERS for postretirement benefits were \$297,130, \$287,249, and \$275,352 for the years ended March 31, 2002, 2001, and 2000 respectively.

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provisions, are expected to be sufficient to sustain the program indefinitely.

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, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between

STARK METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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NOTE 6: **DEFINED BENEFIT PENSION PLANS** (CONTINUED)

B. **Other Postemployment Benefits** (Continued)

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 2000 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 411,076. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2000 was \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

NOTE 7: **LONG-TERM DEBT**

The Authority was obligated on the following notes as of March 31, 2002:

	2002
<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.	\$1,004,454
<b><u>United National Bank and Trust</u></b>	
Note dated March 22, 2002; 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.	446,776

STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(CONTINUED)

NOTE 7: **LONG-TERM DEBT** (CONTINUED)

**United National Bank and Trust**

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.

\$ 510,003

**Bank One**

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.

204,167

Total

\$2,165,400

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, 2003	\$ 399,568	\$ 103,516	\$ 503,084
March 31, 2004	407,851	83,754	491,605
March 31, 2005	415,618	63,638	479,256
March 31, 2006	628,207	39,800	668,007
March 31, 2007	117,797	8,642	126,439
Thereafter	196,359	13,241	209,600
Total:	<u>\$2,165,400</u>	<u>\$ 312,591</u>	<u>\$2,477,991</u>

The debt schedule for the component unit Freed Housing Corporation is as follows:

First Merit Bank Promissory Note Principal Amount \$195,110 Interest Rate of 6.398%	\$ 195,110
First Merit Bank Promissory Not Principal Amount \$97,000 Interest Rate of 4.34%	96,713
Total	<u>\$ 291,823</u>

Amortization of the debt was not available.



STARK METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2002  
(CONTINUED)

NOTE 8: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material operating lease commitments or material capital or construction commitments at March 31, 2002.

NOTE 9: **ADJUSTMENT OF FUND EQUITY**

Beginning retained earnings and other equity at April, 2001 have been adjusted due to the following items:

Inclusion of component Units	\$ 130,350
Public Housing - Accumulated Depreciation Change	4,140,224
Other Adjustments	277,225
Total Adjustments	<u><u>\$4,547,799</u></u>

The Authority's contributed capital balance was adjusted from the March 31, 2001 audit to properly reflect the balance per HUD adjustments.

NOTE 10: **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.

NOTE 11: **NEW ACCOUNTING STANDARDS**

The GASB has issued Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; and Statement No. 36 *Recipient Reporting for Certain Shared Non-Exchange Revenues*.

These statements establish accounting standards for non-exchange transactions such as grants and other assistance provided to SMHA by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. GASB Statements No. 33 and 36 were adopted for the Authority's fiscal year ending March 31, 2002 and had no effect on the Agency's prior retained earnings. GASB Statement No. 34 is effective for the fiscal year ending March 31, 2004. The Authority has not completed an analysis of the impact of GASB No. 34 Statements on its reported financial condition and results of operations.

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2002

FDS Line Item No.	Account Description	14.182 N/C S/R Section 8 Program	14.238 Shelter Plus Care	14.182 Low Rent Public Housing	14.854 Public & Indian Housing Drug Elimination Program
<b>ASSETS</b>					
111	Cash - Unrestricted	\$ 59,965	\$ 0	\$ 10,644	\$ 0
100	<b>Total Cash</b>	<u>59,965</u>	<u>0</u>	<u>10,644</u>	<u>0</u>
122	A/R - HUD - Other Projects	2,111	57	204,468	0
125	A/R - Miscellaneous	0	0	90,047	0
126	A/R Tenants - Dwelling	0	0	197,788	0
126.1	Allowance for Doubtful Accounts	0	0	(92,000)	0
127	Notes, Loans & Mortgages Receivable - Current	0	0	46,300	0
120	<b>Total Accounts Receivable</b>	<u>2,111</u>	<u>57</u>	<u>446,603</u>	<u>0</u>
131	Investment - Unrestricted	645,590	0	5,688,000	0
132	Investment - Restricted	0	0	0	0
142	Prepaid Expenses and Other Assets	0	0	118,769	0
143	Inventories	0	0	474,644	0
143.1	Allowance for Obsolete Inventories	0	0	(46,000)	0
144	Interprogram Due From	0	0	220,320	0
150	<b>Total Current Assets</b>	<u>707,666</u>	<u>57</u>	<u>6,912,980</u>	<u>0</u>
161	Land	0	0	16,550,581	0
162	Buildings	0	0	102,010,447	0
163	Furniture & Equipment - Dwellings	0	0	1,143,543	0
164	Furniture & Equipment - Administration	37,442	0	1,964,102	0
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	(24,885)	0	(51,002,592)	0
167	Construction in Progress	0	0	0	0
160	<b>Total Fixed Assets Net</b>	<u>12,557</u>	<u>0</u>	<u>70,666,081</u>	<u>0</u>
171	Notes Receivable - Non-Current	0	0	2,109,530	0
180	<b>Total Non-Current Assets</b>	<u>12,557</u>	<u>0</u>	<u>72,775,611</u>	<u>0</u>
190	<b>TOTAL ASSETS</b>	<u><u>\$ 720,223</u></u>	<u><u>\$ 57</u></u>	<u><u>\$79,688,591</u></u>	<u><u>\$ 0</u></u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2002  
 (CONTINUED)

FDS Line Item No.	Account Description	14.856 Section 8 Moderate Rehab	14.857 Section 8 Rental Certificate Program	14.859 Comprehensive Grant Program	14.864 Section 8 Housing Choice Vouchers
<b>ASSETS</b>					
111	Cash - Unrestricted	\$ 0	\$ 31,410	\$ 0	\$ 51,399
100	<b>Total Cash</b>	<u>0</u>	<u>31,410</u>	<u>0</u>	<u>51,399</u>
122	A/R - HUD - Other Projects	2,385	0	0	15,339
125	A/R - Miscellaneous	0	3,006	0	0
126	A/R Tenants - Dwelling	9,305	14,043	0	23,321
126.1	Allowance for Doubtful Accounts	(2,080)	(2,725)	0	(145)
127	Notes, Loans & Mortgages Receivable - Current	0	0	0	0
120	<b>Total Accounts Receivable</b>	<u>9,610</u>	<u>14,324</u>	<u>0</u>	<u>38,515</u>
131	Investments - Unrestricted	0	330,969	0	537,536
132	Investments - Restricted	0	0	0	0
142	Prepaid Expenses and Other Assets	0	8,476	0	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>9,610</u>	<u>385,179</u>	<u>0</u>	<u>627,450</u>
161	Land	0	0	0	0
162	Buildings	0	156,513	0	0
163	Furniture & Equipment - Dwellings	0	0	0	0
164	Furniture & Equipment - Administration	4,250	57,714	0	0
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	(4,250)	(83,148)	0	0
167	Construction in Progress	0	0	0	0
160	<b>Total Fixed Assets Net</b>	<u>0</u>	<u>131,079</u>	<u>0</u>	<u>0</u>
171	Notes Receivable - Non-Current	0	0	0	0
180	<b>Total Non-Current Assets</b>	<u>0</u>	<u>131,079</u>	<u>0</u>	<u>0</u>
190	<b>TOTAL ASSETS</b>	<u>\$ 9,610</u>	<u>\$ 516,258</u>	<u>\$ 0</u>	<u>\$ 627,450</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2002  
 (CONTINUED)

FDS Line Item No.	Account Description	14.872 Capital Program	State/ Local	Component Unit	Totals (Memorandum Only)
<b>ASSETS</b>					
111	Cash - Unrestricted	\$ 0	\$ 167,960	\$ 53,000	\$ 374,378
100	<b>Total Cash</b>	<u>0</u>	<u>167,960</u>	<u>53,000</u>	<u>374,378</u>
122	A/R - HUD - Other Projects	0	0	0	224,360
125	A/R - Miscellaneous	31,707	9,672	28,752	163,184
126	A/R Tenants - Dwelling	0	711	0	245,168
126.1	Allowance for Doubtful Accounts	0	0	0	(96,950)
127	Notes, Loans, & Mortgages Receivable - Current	0	1,350	0	47,650
120	<b>Total Accounts Receivable</b>	<u>31,707</u>	<u>11,733</u>	<u>28,752</u>	<u>583,412</u>
131	Investments - Unrestricted	0	105,905	0	7,308,000
132	Investments - Restricted	0	0	555,119	555,119
142	Prepaid Expenses and Other Assets	0	0	1,533	128,778
143	Inventories	0	0	0	474,644
143.1	Allowance for Obsolete Inventories	0	0	0	(46,000)
144	Interprogram Due From	0	178,817	0	399,137
150	<b>Total Current Assets</b>	<u>31,707</u>	<u>464,415</u>	<u>638,404</u>	<u>9,777,468</u>
161	Land	0	120,435	104,949	16,775,965
162	Buildings	0	71,738	294,755	102,533,453
163	Furniture & Equipment - Dwellings	0	11,909	0	1,155,452
164	Furniture & Equipment - Administration	0	57,058	19,029	2,139,595
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	0	(63,170)	(7,271)	(51,185,316)
167	Construction in Progress	5,200,260	0	0	5,200,260
160	<b>Total Fixed Assets Net</b>	<u>5,200,260</u>	<u>197,970</u>	<u>411,462</u>	<u>76,619,409</u>
171	Notes Receivable - Non-Current	0	0	0	2,109,530
180	<b>Total Non-Current Assets</b>	<u>5,200,260</u>	<u>197,970</u>	<u>411,462</u>	<u>78,728,939</u>
190	<b>TOTAL ASSETS</b>	<u>\$ 5,231,967</u>	<u>\$ 662,385</u>	<u>\$ 1,049,866</u>	<u>\$ 88,506,407</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2002  
 (CONTINUED)

FDS Line Item No.	Account Description	14.182 N/C S/R Section 8 Program	14.238 Shelter Plus Care	14.182 Low Rent Public Housing	14.854 Public & Indian Housing Drug Elimination Program
<b>LIABILITIES</b>					
312	Accounts Payable, <= 90 Days	\$ 46,068	\$ 0	\$ 787,509	\$ 0
321	Accrued Wages/Payroll Taxes	0	0	166,218	0
331	Accounts Payable - HUD PHA Program	171,767	0	0	0
332	Accounts Payable - PHA Projects	0	0	0	0
333	Accounts Payable - Other Governments	0	0	189,857	0
341	Tenant Security Deposits	0	0	311,254	0
342	Deferred Revenues	137,397	0	307,963	0
343	Current Portion of Long-Term Debt	0	0	399,568	0
345	Other Current Liabilities	0	0	28,731	0
346	Accrued Liabilities - Other	0	0	0	0
347	Interprogram Due To	30,541	7,190	0	0
310	<b>Total Current Liabilities</b>	<u>385,773</u>	<u>7,190</u>	<u>2,191,100</u>	<u>0</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	1,765,832	0
354	Accrued Compensated Absences - Non Current	31,088	0	429,608	0
350	<b>Total Non-Current Liabilities</b>	<u>31,088</u>	<u>0</u>	<u>2,195,440</u>	<u>0</u>
300	<b>TOTAL LIABILITIES</b>	416,861	7,190	4,386,540	0
504	Net PHA HUD Contributions	0	0	69,178,101	0
508	<b>Total Contributed Capital</b>	<u>0</u>	<u>0</u>	<u>69,178,101</u>	<u>0</u>
512	Retained Earnings	303,362	(7,133)	6,123,950	0
513	<b>Total Equity</b>	<u>303,362</u>	<u>(7,133)</u>	<u>75,302,051</u>	<u>0</u>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 720,223</u>	<u>\$ 57</u>	<u>\$ 79,688,591</u>	<u>\$ 0</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2002  
 (CONTINUED)

FDS Line Item No.	Account Description	14.856 Section 8 Moderate Rehab	14.857 Section 8 Rental Certificate Program	14.859 Comprehensive Grant Program	14.864 Section 8 Housing Choice Vouchers
<b>LIABILITIES</b>					
312	Accounts Payable,< = 90 Days	\$ 0	\$ 0	\$ 0	\$ 4,359
321	Accrued Wages/Payroll Taxes	0	0	0	0
331	Accounts Payable - HUD PHA Prog.	43,886	27,555	0	0
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	35,864	1,804	0	460,925
343	Current Portion of Long-Term Debt	0	0	0	0
345	Other Current Liabilities	0	0	0	0
346	Accrued Liabilities - Other	0	0	0	0
347	Interprogram Due To	210,192	0	0	151,214
310	<b>Total Current Liabilities</b>	<u>289,942</u>	<u>29,359</u>	<u>0</u>	<u>616,498</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	0	0
354	Accrued Compensated Absences - Non Current	23,294	2,227	0	90,179
350	<b>Total Non-Current Liabilities</b>	<u>23,294</u>	<u>2,227</u>	<u>0</u>	<u>90,179</u>
300	<b>TOTAL LIABILITIES</b>	313,236	31,586	0	706,677
504	Net PHA HUD Contributions	0	0	0	0
508	<b>Total Contributed Capital</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
512	Retained Earnings	(303,626)	484,672	0	(79,227)
513	<b>Total Equity</b>	<u>(303,626)</u>	<u>484,672</u>	<u>0</u>	<u>(79,227)</u>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 9,610</u>	<u>\$ 516,258</u>	<u>\$ 0</u>	<u>\$ 627,450</u>

STARK METROPOLITAN HOUSING AUTHORITY  
 COMBINING BALANCE SHEET  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 MARCH 31, 2002  
 (CONTINUED)

FDS Line Item No.	Account Description	14.872 Capital Program	State/ Local	Component Units	Totals (Memorandum Only)
<b>LIABILITIES</b>					
312	Accounts Payable, <= 90 Days	\$ 0	\$ 15,905	\$ 1,319	\$ 855,160
321	Accrued Wages/Payroll Taxes	0	0	0	166,218
331	Accounts Payable - HUD PHA Prog.	0	13,287	0	256,495
332	Accounts Payable - PHA Projects	31,707	0	0	31,707
333	Accounts Payable - Other Government	0	115,432	17,158	322,447
341	Tenant Security Deposits	0	1,693	4,167	317,114
342	Deferred Revenues	0	10,965	115	955,033
343	Current Portion of Long-Term Debt	0	0	0	399,568
345	Other Current Liabilities	0	0	27,831	56,562
346	Accrued Liabilities - Other	0	0	553,550	553,550
347	Interprogram Due To	0	0	0	399,137
310	<b>Total Current Liabilities</b>	<u>31,707</u>	<u>157,282</u>	<u>604,140</u>	<u>4,312,991</u>
351	Long-Term Debt, Net of Current Capital Projects	0	0	291,823	2,057,655
354	Accrued Compensated Absences - Non Current	0	3,764	0	580,160
350	<b>Total Non-Current Liabilities</b>	<u>0</u>	<u>3,764</u>	<u>291,823</u>	<u>2,637,815</u>
300	<b>TOTAL LIABILITIES</b>	31,707	161,046	895,963	6,950,806
504	Net PHA HUD Contributions	0	0	0	69,178,101
508	<b>Total Contributed Capital</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,178,101</u>
512	Retained Earnings	5,200,260	501,339	153,903	12,377,500
513	<b>Total Equity</b>	<u>5,200,260</u>	<u>501,339</u>	<u>153,903</u>	<u>81,555,601</u>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 5,231,967</u>	<u>\$ 662,385</u>	<u>\$ 1,049,866</u>	<u>\$ 88,506,407</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, 2002

FDS Line Item No.	Account Description	14.182 N/C S/R Section 8 Program	14.238 Shelter Plus Care	14.182 Low Rent Public Housing	14.854 Public & Indian Housing Drug Elimination Program
<b>REVENUE</b>					
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 4,381,245	\$ 0
705	<b>Total Tenant Revenue</b>	<u>0</u>	<u>0</u>	<u>4,381,245</u>	<u>0</u>
706	HUD PHA Grants	1,681,267	120,806	6,590,716	625,997
708	Other Government Grants	0	0	0	0
711	Investment Income - Unrestricted	8,595	0	75,911	0
715	Other Revenue	0	0	955,279	0
720	Investment Income - Restricted	0	0	0	0
700	<b>Total Revenue</b>	<u>1,689,862</u>	<u>120,806</u>	<u>12,003,151</u>	<u>625,997</u>
<b>EXPENSES</b>					
911	Administrative Salaries	46,503	7,950	1,155,907	71,977
912	Auditing Fees	771	0	13,014	0
914	Compensated Absences	3,797	0	93,739	0
915	Employee Benefit Contributions - Administrative	15,543	4,025	483,641	0
916	Other Operating - Administrative	13,347	100	507,123	46,451
921	Tenant Services - Salaries	0	0	0	0
924	Tenant Services - Other	0	0	16,416	118,277
931	Water	0	0	390,747	0
932	Electricity	0	0	616,374	0
933	Gas	0	0	1,034,759	0
938	Other Utility Expense	0	0	440,721	0
941	Ordinary Maintenance and Operations-Labor	0	0	1,464,009	0
942	Ordinary Maintenance and Operations-Materials	0	0	618,118	0
943	Ordinary Maintenance and Operations-Contract Costs	0	0	1,545,267	0
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	597,485	0
952	Protective Services - Other Contract Costs	0	0	13,751	253,580
953	Protective Services - Other	0	0	6,570	0
961	Insurance Premiums	1,291	200	214,224	0
962	Other General Expenses	0	0	0	135,712
963	Payments In Lieu of Taxes	0	0	189,857	0
964	Bad Debts - Tenant Rents	0	0	1,147	0
967	Interest Expense	0	0	58,001	0
968	Severance Expense	0	0	3,763	0
969	<b>Total Operating Expenses</b>	<u>81,252</u>	<u>12,275</u>	<u>9,464,633</u>	<u>625,997</u>
970	Excess Operating Revenues Over Expenses	<u>1,608,610</u>	<u>108,531</u>	<u>2,538,518</u>	<u>0</u>
<b>OTHER EXPENSES</b>					
971	Extraordinary Maintenance	0	0	174,081	0
972	Casualty Losses-NonCapitalized	0	0	210,088	0
973	Housing Assistance Payments	1,585,596	108,531	0	0
974	Depreciation Expense	3,229	0	4,183,716	0
900	<b>Total Expenses</b>	<u>1,670,077</u>	<u>120,806</u>	<u>14,032,518</u>	<u>625,997</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>19,785</u>	<u>0</u>	<u>(2,029,367)</u>	<u>0</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0
1102	Debt Principal Payments	0	0	0	0
1103	Beginning Equity	309,013	(7,133)	69,178,101	0
1104	Prior Period Adjustment	(25,436)	0	8,153,317	0
	<b>ENDING EQUITY</b>	<u>\$ 303,362</u>	<u>\$ (7,133)</u>	<u>\$ 75,302,051</u>	<u>\$ 0</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, 2002

FDS Line Item No.	<u>Account Description</u>	14.856 Section 8 Moderate Rehab	14.857 Section 8 Rental Certificate Program	14.859 Comprehensive Grant Program	14.864 Section 8 Housing Choice Vouchers
<b>REVENUE</b>					
703	Net Tenant Rental Revenue	\$ 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	759,801	48,848	400,111	5,375,839
708	Government Grants	0	0	0	0
711	Investment Income - Unrestricted	66	8,087	0	169
715	Other Revenue	0	0	0	0
720	Investment Income - Restricted	0	0	0	0
700	<b>Total Revenue</b>	<u>759,867</u>	<u>56,935</u>	<u>400,111</u>	<u>5,376,008</u>
<b>EXPENSES</b>					
911	Administrative Salaries	80,227	3,634	0	296,781
912	Auditing Fees	578	578	0	2,119
914	Compensated Absences	(11,453)	(2,053)	0	(41,655)
915	Employee Benefit Contributions - Administrative	47,259	2,495	0	182,079
916	Other Operating - Administrative	6,967	4,414	400,111	25,075
921	Tenant Services - Salaries	0	0	0	0
924	Tenant Services - Other	0	0	0	0
931	Water	0	0	0	0
932	Electricity	0	0	0	0
933	Gas	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	(292)	0	10,950
943	Ordinary Maintenance and Operations-Contract Costs	0	0	0	0
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	0	0
952	Protective Services - Other Contract Costs	0	0	0	0
953	Protective Services - Other	0	0	0	0
961	Insurance Premiums	14,263	174	0	44,989
962	Other General Expenses	0	0	0	2,077
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>137,841</u>	<u>8,950</u>	<u>400,111</u>	<u>522,415</u>
970	Excess Operating Revenues Over Expenses	<u>622,026</u>	<u>47,985</u>	<u>0</u>	<u>4,853,593</u>
<b>OTHER EXPENSES</b>					
971	Extraordinary Maintenance	0	0	0	0
972	Casualty Losses-NonCapitalized	0	0	0	0
973	Housing Assistance Payments	682,632	42,556	0	4,750,299
974	Depreciation Expense	0	3,913	0	0
900	<b>Total Expenses</b>	<u>820,473</u>	<u>55,419</u>	<u>400,111</u>	<u>5,272,714</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>(60,606)</u>	<u>1,516</u>	<u>0</u>	<u>103,294</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0
1102	Debt Principal Payments	0	0	0	0
1103	Beginning Equity	(236,419)	494,943	3,727,551	(213,195)
1104	Prior Period Adjustment	(6,601)	(11,787)	(3,727,551)	30,674
<b>ENDING EQUITY</b>		<u>\$ (303,626)</u>	<u>\$ 484,672</u>	<u>\$ 0</u>	<u>\$ (79,227)</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, 2002  
 (CONTINUED)

FDS Line Item No.	Account Description	14.872 Capital Program	State/ Local	Component Unit	Totals ( Memorandum Only)
<b>REVENUE</b>					
703	Net Tenant Rental Revenue	\$ 0	\$ 0	\$ 33,119	\$ 4,414,364
705	<b>Total Tenant Revenue</b>	<u>0</u>	<u>0</u>	<u>33,119</u>	<u>4,414,364</u>
706	HUD PHA Grants	4,506,578	0	0	20,109,963
708	Other Government Grants	0	545,385	0	545,385
711	Investment Income - Unrestricted	0	4,324	0	97,152
715	Other Revenue	0	109,299	92,733	1,157,311
720	Investment Income - Restricted	0	0	7,997	7,997
700	<b>Total Revenue</b>	<u>4,506,578</u>	<u>659,008</u>	<u>133,849</u>	<u>26,332,172</u>
<b>EXPENSES</b>					
911	Administrative Salaries	0	143,806	41,169	1,847,954
912	Auditing Fees	0	0	0	17,060
914	Compensated Absences	0	(12,579)	0	29,796
915	Employee Benefit Contributions - Administrative	0	64,065	15,540	814,647
916	Other Operating - Administrative	2,301,703	47,681	15,107	3,368,079
921	Tenant Services - Salaries	0	99,132	0	99,132
924	Tenant Services - Other	0	46,552	0	181,245
931	Water	0	0	0	390,747
932	Electricity	0	0	4,725	621,099
933	Gas	0	0	0	1,034,759
938	Other Utility Expense	0	0	0	440,721
941	Ordinary Maintenance and Operations-Labor	0	0	0	1,464,009
942	Ordinary Maintenance and Operations-Materials	0	577	4,219	633,572
943	Ordinary Maintenance and Operations-Contract Costs	0	0	0	1,545,267
945	Employee Benefit Contributions - Ordinary Maintenance	0	0	0	597,485
952	Protective Services - Other Contract Costs	0	0	0	267,331
953	Protective Services - Other	0	0	0	6,570
961	Insurance Premiums	0	4,717	0	279,858
962	Other General Expenses	0	15,905	0	153,694
963	Payments in Lieu of Taxes	0	0	0	189,857
964	Bad Debts - Tenant Rents	0	0	0	1,147
967	Interest Expense	0	0	9,558	67,559
968	Severance Expenses	0	0	0	3,763
969	<b>Total Operating Expenses</b>	<u>2,301,703</u>	<u>409,856</u>	<u>90,318</u>	<u>14,055,351</u>
970	Excess Operating Revenues Over Expenses	<u>2,204,875</u>	<u>249,152</u>	<u>43,531</u>	<u>12,276,821</u>
<b>OTHER EXPENSES</b>					
971	Extraordinary Maintenance	0	0	12,707	186,788
972	Casualty Losses-NonCapitalized	0	0	0	210,088
973	Housing Assistance Payments	0	0	0	7,169,614
974	Depreciation Expense	0	13,500	7,271	4,211,629
900	<b>Total Expenses</b>	<u>2,301,703</u>	<u>423,356</u>	<u>110,296</u>	<u>25,833,470</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>2,204,875</u>	<u>235,652</u>	<u>23,553</u>	<u>498,702</u>
1101	Capital Outlays-Enterprise Fund	0	0	0	0
1102	Debt Principal Payments - Enterprise Funds	0	0	0	0
1103	Beginning Equity	2,995,385	260,854	0	76,509,100
1104	Prior Period Adjustment	0	4,833	130,350	4,547,799
<b>ENDING EQUITY</b>		<u>\$ 5,200,260</u>	<u>\$ 501,339</u>	<u>\$ 153,903</u>	<u>\$ 81,555,601</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, 2002

FDS Line Item <u>No.</u>	<u>Account Description</u>	14.182 N/C S/R Section 8 <u>Program</u>	14.238 Shelter Care Plus	14.182 Low Rent Public <u>Housing</u>	14.854 Public & Indian Housing Drug Elimination <u>Program</u>
1113	Annual Contributions				
	Commitment (per ACC)	\$ 1,578,751	\$ 0	\$ 0	\$ 0
1114	Prorata Maximum Annual Contributions Applicable	251,985	0	0	0
1115	Contingency Reserve, ACC Program Reserve	2,344,723	0	0	0
1116	Total Annual Contributions	4,175,459	0	0	0
1120	Unit Months Available	4,332	420	30,420	0
1121	Number of Unit Months Leased	4,332	328	28,296	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, 2002  
 (CONTINUED)

FDS Line Item <u>No.</u>	<u>Account Description</u>	14.8565 Section 8 Moderate <u>Rehab</u>	14.857 Section 8 Rental Certificate <u>Program</u>	14.859 Comprehensive <u>Grant Program</u>	14.864 Section 8 Housing Choice <u>Vouchers</u>
1113	Annual Contributions				
	Commitment (per ACC)	\$ 298,684	\$ 57,305	\$ 0	\$ 5,277,690
1114	Prorata Maximum Annual Contributions Applicable	0	0	0	0
1115	Contingency Reserve, ACC Program Reserve	5,085,412	4,639	0	753,486
1116	Total Annual Contributions	5,384,096	61,944	0	6,031,176
1120	Unit Months Available	2,245	182	0	16,619
1121	Number of Unit Months Leased	1,955	156	0	15,407

STARK METROPOLITAN HOUSING AUTHORITY  
 ADDITIONAL FDS SCHEDULE INFORMATION  
 FDS SCHEDULE SUBMITTED TO HUD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 FOR THE YEAR ENDED MARCH 31, 2002  
 (CONTINUED)

FDS Line Item <u>No.</u>	<u>Account Description</u>	<u>14.872 Capital Program</u>	<u>State/ Local</u>	<u>Totals (Memorandum Only)</u>
1113	Annual Contributions			
	Commitment (per ACC)	\$ 0	\$ 0	\$ 7,212,430
1114	Prorata Maximum Annual			
	Contributions Applicable	0	0	251,985
1115	Contingency Reserve, ACC			
	Program Reserve	0	0	8,188,260
1116	Total Annual Contributions	0	0	15,652,675
1120	Unit Months Available	0	0	54,218
1121	Number of Unit Months Leased	0	0	50,474



STARK METROPOLITAN HOUSING AUTHORITY  
 STATEMENT OF MODERNIZATION/DEVELOPMENT COST-COMPLETED  
 FOR THE TWELVE MONTHS ENDED MARCH 31, 2002

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

	CGP Project <u>OH12P01870899</u>
Funds Approved	\$ 5,324,745
Funds Expended	<u>5,324,745</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</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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Member American Institute of Certified Public Accountants

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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, 2002, and have issued our report thereon dated October 2, 2002. 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.

**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.



We did note matters involving the internal control over financial reporting which we have reported to the management of the Authority in a separate letter dated October 2, 2002.

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.

October 2, 2002

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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  
Garfield Hts., Ohio 44125

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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, 2002. 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 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; 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, 2002.

### **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.

October 2, 2002

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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, 2002

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):	Housing Choice - Voucher CFDA #14.871 Capital Fund CFDA #14.872 Drug Elimination Fund CFDA#14.854
2000(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$614,666 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, 2002

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 19, 2002**